

Article

Developments in the Hospitality Industry – An Overview of Tamil Nadu Hotels

Journal of Development Economics and Management Research Studies (JDMS)
01(01), 1-12, July-September 2019
@Center for Development Economic Studies (CDES)
Reprints and permissions
<http://www.cdes.org.in/>
<http://www.cdes.org.in/journal/>

Dr.K.Rajeswari¹ and Mr.K.SathishKumar²

ABSTRACT

Developments in the form of Innovation are driving the hospitality industry. Hospitality is a long running tradition in India and holds a special place in the international world of hospitality. The leading Indian hotel chains, such as The Taj Group of Hotels, Oberoi Hotels & Resorts, and ITC Welcome group and the government-run ITDC dominated the Indian hotel market for decades, when only a handful of international brands had a token presence in India. Innovations in the Indian hospitality sector are taking place according to various categories of hotels as well as relevant functions. Innovative concepts of diversification hold the key to survival in the hospitality industry in the long run. Fierce competition has led to innovative ideas by hotel majors, thereby delivering impressive hospitality products and services. Hotels are adapting to innovative operating models by bringing in external brands of restaurants, spas, and lounges on lease or management contracts to capitalize on proven concepts that generate substantial revenue by attracting hotel guests and local residents. Growing disposable incomes and the rise of millennial are making the hospitality sector rapidly adopt various tools, technologies and digital platforms to improve customer experience. This paper aims to provide an overview of the facts and trends relating to the innovations that are taking place in the Indian Hospitality Industry .The paper also suggest that it is important to understand how the developments are being faced across different functional departments and whether managers face barriers to the implementation of innovative ideas and processes. In Tamilnadu the hospitality industry continues to expand despite tough competition. But, it is imperative that hotels are able to find ways to differentiate their products and services and by innovating, it is possible to sustain and create new forms of differentiation. Given this reality, the paper is of interest to hoteliers and policy makers who want to know more about the developments that take place in the Indian hospitality industry.

Key words: Developments, Hospitality services, emerging trends, functional areas

INTRODUCTION

Hospitality is about serving the guests to provide them with “feel-good-effect”. India is a country that has banked on the values of 'Atithi Devo Bhava', wherein a guest is treated with

¹ Principal, Annai Fathima College of Arts and Science, Thirumangalam

² Dean Administration, Annai Fathima College of Arts and Science, Thirumangalam

utmost warmth and respect and is provided the best services. It is our core values that dictate we take proper care of our guests. Travel and tourism industry is also included in hospitality sector. The boom in travel and tourism has led to the further development of hospitality industry. The number of national tourists visiting various states for purely recreational purposes is also increasing by leaps and bounds. The cumulative effect of all of this has opened up new horizons of opportunities in the world of tourism and hospitality

Hospitality industry is one of the fastest growing sectors in the world, it has been characterized by continued technological advancements. Over the past few years, inventions in the hospitality industry have developed at a fast moving pace. Although most service providers and hospitality related services are doing their best to keep up with these rapid changes, new technology has helped the industry to grow. These advancements have done wonders to improve organisation, efficiency and customer experience. However, they have also brought with them major issues facing the hospitality industry have affected the way hotels and other services are operated. These issues create bottlenecks which impede the expected growth. A better understanding of these would give the hoteliers and hospitality managers a clear edge over the competition. Innovation in the hotel industry is important because it has the capacity to transform the industry positively.

OVERVIEW OF INDIAN HOSPITALITY INDUSTRY

India is a large market for travel and tourism. It offers a diverse portfolio of niche tourism products - cruises, adventure, medical, wellness, sports, MICE, eco-tourism, film, rural and religious tourism. India has been recognized as a destination for spiritual tourism for domestic and international tourists. The launch of several branding and marketing initiatives by the Government of India such as 'Incredible India!' and 'Athiti Devo Bhava' has provided a focused impetus to growth. The Indian government has also released a fresh category of visa - the medical visa or M visa, to encourage medical tourism in the country. Incredible India 2.0 campaign was launched in September 2017. In September 2018, the Indian government launched the 'Incredible India Mobile App' to assist the traveller to India and showcase major experiences for travelling. The Government of India is working to achieve one per cent share in world's international tourist arrivals by 2020 and two per cent share by 2025. In October 2018, Statue of Sardar Vallabhbhai Patel, also known as 'Statue of Unity', was inaugurated as a tourist attraction. It is the tallest statue in the World standing at a height of 182 meter. It is expected to boost the tourism sector in the country and put India on the world tourism map.

The Indian hospitality industry has experienced prominent growth in recent years due to various factors, including the rising purchasing power of domestic travellers, an increase in commercial development and foreign tourist arrivals, a growing airline industry and government-led initiatives aiming to stimulate the sector. There will be multiple factors that will drive the hospitality industry in 2019. Increased connectivity amongst less popular and newer destinations like UDAN (UdeDesh Ka AamNagrik) scheme by the Government of India and additional flight routes and the launch of operations by airlines to international locations from non-metro and tier 2 towns have driven the demand for hotels. Furthermore, Government initiatives like Smart City, Swadesh Darshan, and Pilgrimage Rejuvenation and Spiritual Augmentation Drive (PRASAD), friendly e-visa schemes and the likes, have propelled business and religious travel.

The Indian hospitality market has tremendous growth opportunities and tapped to densify in key cities and provide quality developments across various popular brands say Novotel and ibis brands. Novotel Vijaywada Varun launched in December 2018 and ibis Kolkata Rajarhat launched in January 2019 help to showcase the new strategy for the mid-scale and economy segment respectively. The hospitality sector is expected to grow by 9% to 10% in 2025 mainly due to high domestic demand and a muted supply. This will further get boosted due to robust corporate performance and increase in air connectivity to more destinations within the country and higher appetite for domestic leisure travel. Currently, India is the tenth largest business travel market globally and is expected to be the sixth largest by end of 2019. This enhances domestic spending capacities. Hotel chains in India will continue to invest in digital technologies and platforms. This will enable to enhance pre-booking as well as post-booking experiences. Loyalty would take precedence for hotels. Direct bookings would be emphasised more by hotels as ruling the traveller's experience becomes the ultimate goal our business. The Park Hotels have 3 new build properties opening in the first quarter of 2019 - a boutique hotel in Chettinad, The Park Mumbai and The Park Indore. Zone by The Park, Kolkata was the latest in the bouquet of hotels. The group has signed 15 new properties under its social-catalyst brand-Zone by The Park, which is slated to open in the next 5 years. Zone by The Park will have 20 operational hotels by 2020. They are also looking at increasing the emphasis on the food and beverage experiences by bringing some of the best food and beverage concepts and outlets in India across a number of properties, which will showcase popular chefs from across the globe.

DEVELOPMENTS IN THE INDIAN HOSPITALITY INDUSTRY

Developments in the hospitality business simplify the use of technologies usually embodied in new machinery, equipment or software. Hotel Industry is ever evolving, ever changing not by its nature but due to the need of an hour new and progressive concepts like Boutique Hotels, Green Hotels, and Healthy Hotels have emerged in the market with time leading to the evolution and growth of new trends in the hotel industry. Industry always acts for adopting the changes brought by the new introduced trends and technology. The rapid pace of technology innovations has changed the expectations of the guests which is a challenge that hospitality industry constantly faces. Free fast Wi-Fi is a hygiene factor for most guests. They also expect to be able to book online and do other hotel related tasks on whatever devices they happen to own. So, hotels must therefore provide the expected amenities and keep pace with innovation in order to ensure web-based features work on wide range of devices. Luxury hotel chains now understand the need to integrate smart technology with their services. The following are the developments happened in the Hotel Industry in the past few years:

- **Smart Rooms and Smart Controls**

One of the key factors in guest experience is about digitizing the room service to enhance the guests' stay. For example, allowing guests to set the room temperature using their smart phones enables them to create a perfect ambience that is customized according to their requirement. A leading hotel brand has used the concept of a virtual caretaker that was quick to step up to cater to the guest requirements. Hoteliers who invest to enhance the in-room experience will have happier guests and repeat customers. Interactive walls/mirrors that are gesture-controlled are defining trends in the hotel industry.

- **Smart Thermostats**

Energy management can certainly help hotel owners save massively on electricity bills. Although guests want a “green hotel”, luxury is something they cannot forgo and this poses a problem for hotel owners. According to [Booking.com](https://www.booking.com)’s ‘Global Sustainable Travel report,’ 65% of global travelers show a strong preference for eco-friendly accommodation. With the help of technology, hotel owners can use this strategy to market their brand and increase revenue using energy-efficient practices. The correct use of energy with the new technology in hotels such as smart thermostats, LED lighting, ozone water treatments, eco-friendly laundry units that save water, motion sensor lighting systems and energy-efficient appliances in the kitchen area help cut down costs on energy consumption. For e.g.: Smart thermostats using a guest’s personal device allows a user to adjust temperature with a smart phone even outside the premises. Light sensors that turn on when a guest enters are energy-efficient and create a favourable impression on the minds of the guest. The HVAC (Heating, ventilation, air conditioning) is another cause of concern for hotel owners as it can cause staggering bills. An appropriate installation will bring in many financial savings for hotel brand.

- **Keyless Entry Using Mobiles**

The hotels have moved away from using keys to unlock room as cards replaced this system. Currently, one of the emerging hotel technology trends lies in the area of keyless entry. A guest can use his/her phone to swipe across the keyless pad which must include the required mobile app to unlock the room. Guests no longer have to rummage through their pockets or bags for cards or keys to unlock rooms. This access is encrypted and is linked to the phone number that belongs to the registered guest. The technology also ensures the room access cannot be transferred to another number or device.

- **Mobile Booking**

A mobile device has forever changed the way travellers interact online. With mobile bookings on the rise, its dominance is felt in every market. Therefore, any hotelier who is poised to embrace this change and wants to introduce apps will soon see a massive transformation in the way the business functions. Apart from increased revenue, a hotel also has information about the guest.

- **Automation with Cloud Services**

Using a cloud-based property management system (PMS) allows running the hotel operations, managing reservations, allotting room bookings and doing much more from a single dashboard. It’s easy to check data, assign duties, manage folios, run additional Point of Sale (POS) counters and reduce time spent on manual updates. Integrating a cloud-based PMS improves efficiency of the workforce allowing them to focus on tasks that matter more guest experience being one of the key areas. It is easy to register guest details, preferences and they can have all the data in a PMS. Besides, it also provides an enhanced level of security. Moving to cloud-based hotel PMS is one of the most-requested tech update by major hoteliers.

In some hospitality services, guests interact with the latest gadgets in the lobby of hotels or use their own mobile devices to make plans for dinner or other services. For example, Link@Sheraton is a touch screen device that creates a new experience by interacting with guests and providing them with a new way to explore local tourist attractions and enhance their hotel experience. The hospitality industry is at “a tipping point in terms of cloud

adoption”, with hoteliers expected to invest 7 – 8% more in cloud technology over the next 2 to 3 years. The current and future impact of cloud-based solutions is huge. It is revolutionizing the way hoteliers run their businesses and interact with their customers. With a cloud-based system, hoteliers can meet these evolving demands. They can offer personalized experiences with the help of captured customer information. The cloud lets hoteliers record this data their preferences, transactions and behavior every time the customer interacts in some way with their hotel, such as ordering room service, eating in the hotel restaurant or even booking a day trip or spa session. They can then use this data to make suggestions based on the customer’s preferences and behaviour.

DEVELOPMENTS IN THE HOTEL INDUSTRY IN TAMILNADU

Tamilnadu is emerging as a favoured destination for leading international hospitality brands. Marriot Starwood, Carlson, Accor, Hyatt have established their presence in Tamil Nadu market over the last three years. Between 2012 and 2016, around 13 hotels were launched in Chennai that includes these international players. The InterContinental Group, that runs the Holiday Inn chain, has been steadily adding to their inventory of rooms. Hotels which saw an occupancy rate of 55% previously, witnessed higher occupancy rate in 2015 facilitated by turnaround in the economy and increasing tourist activity. Chennai has a total hotel inventory of 7,517 rooms and an upcoming supply of 3,274 keys by 2017, of which 51% is in the mid-scale segment, 29% is in the budget segment, 11% in the upper upscale segment and 9% in the upscale segment. Intercontinental Hotels and Resorts brand launched the Chennai Mahabalipuram Resort with 105 suites which is its second under the luxury brand Intercontinental in India. Chennai is the first city in India where they have all four brands in the country.

The Hospitality landscape in Chennai has grown at an incredible pace in the past five years, with traveler appetite growing across all segments. Chennai offers tourism and commercial benefits which allows for frequent visitors from both leisure and business sectors. The ever expanding automobile business has brought in several expatriates into the city, giving reason for brands to setup their businesses close to the auto hubs. Chennai headquartered with GRT Hotels and Resorts, which has 16 hotels for business and leisure travelers in South India and has planned to invest ₹900 crore to open nine new hotels in the South by 2025. GRT Hotels and Resorts is promoted by GR Thanga Maligai, popularly known as GRT, one of South India’s leading jewellers. Its hotel and resort brands include Grand (upscale business hotel) Radisson Blu (5-star boutique hotel and resort), Great Trails (nature resorts), Regency (mid-segment business hotel) and Zibe (select service hotel), that are located in 14 cities in the South. IT and ITeS industry and healthcare segments have also contributed to the growth in the hospitality sector. The room inventory has doubled in the last four or five years. Expansion is taking place in areas like OMR, Siruseri (IT parks) and Oragadam (auto industry) and hotels are coming up in peripheral areas of the city to make commuting easy for people going to the industry hub.

The hotels in Tamilnadu started using softwares for hotel services to satisfy the client’s need and feedback. In Tamil Nadu, nearly 50 per cent of the hotels are located in Chennai. Today the hotel guests are more tech-savvy than ever. Dealing effectively and profitably with this savviness is one of the top management issues in the hospitality industry today. In Tamilnadu almost all the Star categorized hotels have gone for fully integrated hotel software suite of products

consisting of modules that are customizable and allow effective and easy deployment from a small hotel, motel, resort, restaurants, apartments operations to a global, multi-branded hotel chain environment. Innovative technologies and business models have revolutionized the hospitality and tourism industries more dominantly in Tamilnadu. Examples of such innovations are phone-as-key-cards, mobile self-check-in, mobile booking, self-service check-in kiosks, lobby media panels, electronic luggage tags, bring your own device, bring your own content platforms, smart phone boarding passes, hotel service optimization systems, guest device connectivity tools. Now a day's elite customers in cities started using Voice over internet protocol phones as they are interconnected with the hotel's ecosystem e.g. phones in the guestrooms that guests can use for ordering room service directly from a touch screen and housekeeping can use them to put work orders and the system directly communicates with corresponding departments, wearable devices to identify guests, tablet menus and so on.

CHALLENGES IN DEVELOPING THE HOTEL INDUSTRY

- Luxury hotel chains now understand the need to integrate smart technology with their services. Before 26/11 hotels not focused on security and after this event there has been a paradigm shift in hotels. They have adopted technology using integrated surveillance system and advanced lock and control systems. Though they are ready to implement the latest innovations in hotels they have reported that all the customers are not technologically savvy to operate the in-room internet protocol based touch phone, use of smart technology like iPads, iRemotes and hands free bathroom phones .
- Technology has had a positive effect on internal operations for an organization but also has changed the way human resource managers' work. Some managers in the hospitality industry view the application of technology to operational issues as a problem. They take a lot of time to adjust to these new technologies. Preparing workforce to approve new technologies is very tough. Getting the approval of IT and other technologies by all levels in a company is a huge challenge faced by hospitality organizations.
- The customer is the King in the hotel industry or hospitality industry on the whole. The whole purpose of the industry is to keep customers happy. Keeping customers happy is not enough anymore. Hotel Manager, would need to find a way to bridge the gap between perception and actual delight. Even the service that delighted customers last time would now be an expectation. So, delighting customers in the hospitality industry is getting more difficult with changing customer expectations.
- The threat of terrorism today has changed how people travel and where they travel. Hotel managers are tasked with the duty of ensuring that proper surveillance systems are installed and maintained throughout so that guests can feel comfortable and safe. To deal with security challenged, hotel managers have to rely on high tech gadgets and software, which can be expensive to acquire and maintain. With the emergence of apps, for instance, consumers are now beginning to expect a level of convenience and efficiency that must be catered to. So, taking a cue from the social media and digital channels, the hotel managers must act to surpass and delight their customers' every time they walk in.
- There has always been a mismatch between demand and supply of rooms in Indian Hotel Industry. This has been the reason for higher room tariffs and the level of occupancy. The demand is raised a lot as India hosted the 2010 Commonwealth games, and most importantly the demand for Chennai increased due to 2011 Cricket World Cup in India.

Many star categorized hotels have come in important cities of Tamilnadu in the last decade.

CONCLUSION

Innovation and developments are essential demand drivers. Millennials are one step ahead in the digital space and are drawn towards hotels and services that meet their technology demands. It is a fact that the appetite to travel and aspiration for certain lifestyles have taken strong roots and that is expected to further deepen in the middle-class Indian in the coming years. Cloud-based technology gives hoteliers the key to run smart businesses that are in tune with modern-day travelers, and more profitable. It's clear to see that the cloud is disrupting this industry and for the better. The use of intelligent technologies can be a true game changer for hotel owners. Technology enhances efficiency but cannot replace the personal touch, especially in hospitality. Their job requires a lot of interpersonal interaction and understanding human emotion.

REFERENCES:

- Gaurav Kashyap (2014) Challenges faced by the Hotel Industry: a review of Indian Scenario. *IOSR Journal of Business and Management (IOSR-JBM) 16(9)Sep. 69-73*
- Orfila-Sintes, F., Crespi-Cladera, R. and Martinez-Ros, E. (2005), Innovation Activity in the Hotel Industry: Evidence from the Balearic Islands, *Tourism Management*, 26(6): 851-865.
- *Media Reports, Ministry of Tourism, Press Releases, Department of Industrial Policy and Promotion (DIPP), Press Information Bureau (PIB), Union Budget 2018-19 .*
- http://economictimes.indiatimes.com/articleshow/63030112.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst
- <https://www.forbes.com/sites/danielnewman/2018/01/02/top-6-digital-transformation-trends-in-hospitality-and-tourism/#42009dcf67df>
- <https://www.thehindubusinessline.com/news/grt-hotels-to-invest-900-cr-in-9-properties/article24585074.ece>
- <http://www.nishithdesai.com/information/areas-of-service/industry/hotels.html>
- <http://bwhotelier.businessworld.in/article/Rising-Opportunities-in-India-s-Hospitality-Industry/15-11-2016-108288/>
- <https://www.financialexpress.com/opinion/hotel-industry-in-chennai-soars-on-business-and-leisure-booster-shot/432527/>
- <https://www.ndtv.com/tamil-nadu-news/bring-your-own-utensils-in-tamil-nadu-hotels-to-get-discount-1903540>
- <https://www.deccanchronicle.com/nation/current-affairs/291117/enhancing-tourist-experience-in-tamil-nadu.html>
- <https://www.careerindia.com/courses/unique-courses/what-is-hospitality-management-its-scope-and-career-opportunities-011911.html>
- <https://www.ibef.org/industry/indian-tourism-and-hospitality-industry-analysis-presentation>
- <http://www.hospitalitybizindia.com/detailNews.aspx?aid=24632&sid=23>

- <https://www.thehindubusinessline.com/news/grt-hotels-to-invest-900-cr-in-9-properties/article24585074.ece>
