

# Customer Loyalty towards Hotel Industry In India

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**Abstract:** *Ensuring customer satisfaction and maintaining long-term relationships with customers have become essential for survival among competitive service industries. In recent years, customer loyalty has been the favorable theme for numerous tourism studies and reports. This paper aims to investigate the changing paradigms of customer loyalty in hospitality sector especially with respect to the satisfaction catered by hotel industry. Exploratory type of study will be conducted by surveying the existing knowledge in the field.*

**Keywords:** Customer Loyalty, Loyalty, Hospitality, Tourism

## Main Text

### 1. Introduction

Hospitality is the relationship between the guest and the host, or the act or practice of being hospitable. This includes the reception and entertainment of guests, visitors, or strangers. In India hospitality is based on the principle *AtithiDevoBhava*, meaning "The Guest is God". This principle is shown in a number of stories where a guest is literally a god who rewards the provider of hospitality. From this stems the Indian approach of graciousness towards guests at home, and in all social situations.

The Indian tourism and hospitality industry has emerged as one of the key industries driving growth of the services sector in India. Tourism in India has registered significant growth in the recent years and the country has tremendous potential to become a major global tourist destination.

Indian tourism industry is thriving due to an increase in foreign tourist arrivals and greater number of Indians travelling to domestic destinations than before. In the past few years the real growth has come from within the domestic sector as around 30 million Indians travel within the country in a year. Strong growth in per capita income, rising young population coupled with changing lifestyles are leading to greater expenditure on leisure services.

Hotels are an important component of the tourism product. They contribute in the overall tourism experience through the standards of facilities and services offered by them. The fortunes of the hospitality industry have always been linked to the prospects of the tourism industry and tourism is the foremost demand driver of the industry. Travel & tourism's contribution to capital investment is projected to grow at 6.5 per cent per annum during 2013-2023, above the global average of five per cent. The tourism policy of Government of India aims at speedy implementation of tourism projects, development of integrated tourism circuits, special capacity building in the hospitality sector and new marketing strategies.

### 2. Customer Loyalty

Loyalty is the sincerity, devotion, relatedness and faithfulness towards a belief, place, person or organization. Loyalty specifically related to customers only can be termed

as customer loyalty. There are many definitions of customer loyalty. Yet each of them fails to realize that loyalty runs hand-in-hand with emotions. Customer loyalty is the result of consistently positive emotional experience, physical attribute-based satisfaction and perceived value of an experience, which includes the product or services.

Consider who you yourself are loyal to. Surely you'll answer family and friends. Why? Because of the emotional bond you have with them. Your family and friends can do things you may not like, but you stay loyal because of that bond. The same applies with customer loyalty. To prompt customer loyalty you must build an emotional bond with your customers. To build customer loyalty, customer experience management blends the physical, emotional and value elements of an experience into one cohesive experience.

Retaining customers is less expensive than acquiring new ones, and customer experience management is the most cost-effective way to drive customer satisfaction, customer retention and customer loyalty. Not only do loyal customers ensure sales, but they are also more likely to purchase ancillary, high-margin supplemental products and services. Loyal customers reduce costs associated with consumer education and marketing, especially when they become promoters for the organization.

### 3. Tourism and Hospitality

Tourism and Hospitality Industry has undergone transformation to emerge as one of the largest and fastest growing industries in the world with a global orientation due to privatization, liberalization and Globalization of economies all over the world. As per World Travel and Tourism Council (WTTC) nearly 400 million jobs worldwide are supported by travel and tourism- either directly in the industry or in related sectors. In addition, the United Nations World Tourism Organization estimates that international arrivals are expected to reach nearly 1.5 billion by the year 2020. All this have completely transformed the industry in last five years and the same is going to happen in future. WTTC has named India as one of the fastest-growing tourist destinations in the world for the next 10-15 years. From 11 million travelers in 2008, the figure is expected to touch 29 million visitors by 2018. There is an opportunity in

the inbound MICE sector, which has already registered a growth of 15% to 20% during the last five years.

#### **4. Sector Overview**

The Indian tourism and hospitality industry experienced a growth of 24.6% during 2009–2010 timeframe. The industry is the third-largest foreign exchange earner, accounting for 6.2% of India's GDP and 8.8% of India's total employment, according to a report by the Planning Commission. It has significant linkages with other sectors such as agriculture, horticulture, transportation, handicrafts and construction. The tourism industry includes travel agencies, tour operating agencies and tourist transport operating agencies; units providing facilities for cultural, adventure and wildlife tourism; surface, air and water transport facilities for tourists; and convention/seminar units and organizations.

According to the Planning Commission, the sector creates more jobs per million rupees of investment than any other sector of the economy and is capable of providing employment to a wide spectrum of job seekers, from the unskilled to the specialized, even in the remote parts of the country. The sector's employment-generation potential has also been highlighted by the World Travel & Tourism Council (WTTC), which says India's travel and tourism sector is expected to be the second-largest employer in the world, employing 40,37,000 people, directly or indirectly, by 2019.

Travel and tourism is a USD 32 billion business in India, according to industry estimates; in addition, the hospitality sector is sized at USD 23 billion and it is expected that this sector will witness an inflow of USD 12.17 billion in investments over the next two years, according to market research company Technopak Advisors. It is expected that the hospitality sector is expected to see an additional US\$12.17 billion in inbound investments over the next two years, based on their estimates.

The size of the Indian hospitality industry is estimated as a sum of revenues of two segments — revenues generated from travel (business, leisure, visiting friends and relatives, religious, meetings and conferences) and revenue generated by consumers eating out at any form of outlet (restaurants, fine dining, quick service restaurants (QSRs), takeaways, or any other form of unorganized eateries).

The Indian tourism sector includes medical and healthcare tourism, adventure tourism, heritage tourism, ecotourism, rural tourism and pilgrimage tourism. Medical tourism also known as health tourism has emerged as an important segment, owing to India's skilled healthcare professionals and the lower cost of healthcare facilities in the country. Wellness tourism is regarded as a sub-segment of medical tourism and it involves the promotion and maintenance of good health and well being. India, with its widespread use of Ayurveda, Yoga, Siddha and Naturopathy, complemented by its spiritual philosophy, is a well-known wellness destination.

Heritage tourism is oriented towards exploring the cultural heritage of a tourist location. India is well known for its rich

heritage and ancient culture. The country's rich heritage is amply reflected in the various temples, majestic forts, gardens, religious monuments, museums, art galleries and urban and rural sites.

Due to its varied topography and distinctive climatic conditions, India is endowed with various forms of flora and fauna, and it has numerous species of birds, mammals, reptiles, amphibians and plants life on offer for tourism. Wildlife tourism includes wildlife photography, bird watching, jungle safari, elephant safari, jeep safari, jungle camping, ecotourism, etc.

MICE (meetings, incentives, conferences and exhibitions) tourism is also one of the fastest-growing in the global tourism industry. It caters largely to business travelers, mostly corporates. It caters to various forms of business meetings, international conferences and conventions, events and exhibitions. The Ashok, New Delhi; Hyderabad International Convention Centre, Hyderabad; and Le Meridien, Cochin, are forerunners in the Indian MICE tourism industry, facilitating domestic and international business meetings and conferences.

#### **5. Market Size**

The total market size of Indian tourism and hospitality sector stood at US\$ 117.7 billion and is expected to touch US\$ 418.9 billion by 2022. The foreign direct investment (FDI) inflows in hotel and tourism sector during April 2000 to July 2013 stood at US\$ 6,754.49 million, as per the data released by Department of Industrial Policy and Promotion (DIPP). Foreign tourist arrivals (FTA) during the Month of August 2013 stood at 4.74 lakh as compared to FTAs of 4.46 lakh during August 2012, registering a growth of 6.4 per cent. Foreign exchange earnings (FEE) during the month of August 2013 were US\$1.294 billion as compared to FEEs of US\$1.306 billion during August 2012 and US\$ 1.264 billion in August 2011. The number of tourists, availing tourist visa under the scheme Visa on Arrival (VOA) scheme during January to August, 2013 has recorded a growth of 29.4 percent. During the period, a total number of 12,176 VOAs have been issued as compared to 9,412 VOAs during the corresponding period of 2012.

#### **6. Major Developments and Investments**

India is expected to receive nearly half a million medical tourists by 2015, implying an annual growth of 30 per cent. The country has received 43.06 lakh foreign tourists during the period January–August 2013. India is perceived as one of the fastest growing medical tourism destination. The number of medical tourists coming to India has registered a growth of 40 per cent in the past six months. The inflow of medical tourists is expected to cross 45 lakh by 2015 from the current level of 25 lakh.

The Taj Group has launched The Gateway Hotel IT Expressway Chennai, its first hotel in the city under the Gateway Hotels & Resorts brand. Marriott International has launched its business hotel brand Courtyard by Marriott at the industrial and auto hub of Chakan near Pune in Maharashtra. ITC Hotels has tied up with Bahrain-based

India-born billionaire Mr Ravi Pillai to manage five of its hotels under the Welcome Hotel and Fortune brands in India and Dubai. Ecolehoteliere de Lausanne has opened a 67,000 square feet campus in India to tap into the growing demand for skilled hospitality professionals in the country.

## **7. Government Initiatives**

The Government has allowed 100 per cent FDI under the automatic route in the hotel and tourism related industry, according to the Consolidated FDI Policy, released by DIPP, Ministry of Commerce and Industry, Government of India. The Ministry of Tourism, Government of India, has signed bilateral agreements/ memoranda of understanding (MoU) with 47 countries, a tripartite agreement between India, Brazil and South Africa and a multilateral agreement between India and Member States of Association of South East Asian Nations (ASEAN) for cooperation in the tourism sector. The Ministry of Tourism as part of its promotional activities releases campaigns in the international and domestic markets under the Incredible India brand-line, to promote various tourism destinations and products of India. The budget allocated for the Domestic Promotion & Publicity and Overseas Promotion & Publicity including Marketing Development stood at Rs 110 crore (US\$ 17.73 million) and Rs 350 crore (US\$ 56.41 million) for the FY 2013-14. The ministry has set up a Hospitality Development and Promotion Board, which will monitor and facilitate hotel project approvals. The allocation for Ministry of Tourism in the Union Budget 2013-14 has been increased by Rs 87.66 crore (US\$ 14.13 million) to Rs 1,297.66 crore (US\$ 209.30 million).

In a major boast to the North-East tourism sector, Mr. K Chiranjeevi, the then Union Minister for Tourism, Government of India, had approved Central Finance Assistance (CFA) to various tourism development projects in the states of Arunachal Pradesh, Sikkim and Nagaland. The Ministry has approved CFA of Rs 25.04 crore (US\$ 4.03 million) for the ongoing tourism mega circuit projects at Tirupati and Kadapa district in Andhra Pradesh. The Government has proposed to set up the Central Institute of Hotel Management (IHM), Catering Technology and Applied Nutrition in the country. The IHM will be set up at Jagdishpur, Uttar Pradesh. The Ministry of Tourism has undertaken joint development of tourist amenities at Amritsar and Rai Bareilly, Trivandrum, Gaya and Agra Cantonment, Railway Stations in association with Ministry of Railways. CFA of Rs 10.28 crores (US\$ 1.65 million), Rs 5.98 crore (US\$ 964,453.42), Rs 5.18 crore (US\$ 835,413.19) and Rs 5.05 crore (US\$ 814,141.59) has been provided by the Ministry for the same.

## **8. Road Ahead**

The tourism, travel and hospitality industry in India is poised for unprecedented growth in the coming years. With world tourist arrivals expected to increase by 43 million every year on an average from 2010 to 2030 and FTAs in emerging countries is expected to grow faster than in advanced economies, a goldmine of opportunity in tourism is waiting for India. The industry is likely to become more competitive due to the entry of additional international flight operators,

which would offer improved services to tourists. Cruise shipping is one of the most dynamic and fastest growing components of the global leisure industry. India with a vast and beautiful coastline, virgin forests, and undisturbed idyllic islands can be a fabulous tourist destination for cruise tourists.

The Ministry of Tourism, Government of India, has consistently been working on improving India as a prime destination for tourists. It further aims at promoting various Indian tourism products vis-à-vis competition faced from various destinations and to increase India's share of the global tourism market.

## **9. Growth**

The sector's total contribution to GDP increased to US\$ 115.5 billion in 2012 from US\$ 88.1 billion in 2007 and is expected to reach US\$ 136.3 billion in 2013. Foreign visitor revenue reached US\$ 18.2 billion in 2012 and is projected to total US\$ 34.8 billion by 2023. Incredible India is the name of an international marketing campaign by the Government of India to promote tourism in India in 2002 to a global audience. The campaign projected India as an attractive tourist destination by showcasing different aspects of Indian culture and history like yoga, spirituality, etc. The campaign was conducted globally and received appreciation from tourism industry observers and travelers alike. In 2012, India Tourism has launched two new campaigns: an International Campaign called 'Find What You Seek' and a Domestic Campaign called 'Go Beyond'.

## **10. Tourism in Haryana**

Haryana is surrounded by Uttar Pradesh in the east, Punjab in the west, Himachal Pradesh in the north and Rajasthan in the south. The state surrounds the national capital city, New Delhi, from three sides. Haryana is the second-largest contributor of food grains to India's central pool. The state accounts for more than 60 per cent of the export of Basmati rice in the country. It is the third-largest exporter of software and one of the preferred destinations for IT and ITeS facilities. During 2011-12, the state registered IT and ITeS exports of US\$ 5.2 billion. Haryana has emerged as a manufacturing hub with immense scope for the development of the micro small and medium enterprises (MSME) sector. The state has adopted a cluster-based development approach to promote industries like IT, textiles, food and handlooms. The state has an attractive real estate market and is a preferred automotive hub. Of the total 250 large and medium OEMs, about 50 are located in Haryana. It has also emerged as a base for the knowledge industry, including IT and biotechnology. Many large Indian and multinational companies have set up offices in the state due to high quality infrastructure and proximity to Delhi. Haryana has a stable political environment. Successive state governments have been committed to creating a progressive business environment. The state offers a wide range of fiscal and policy incentives for businesses under the Industrial and Investment Policy, 2011. Additionally, it has sector-specific policies, particularly, for IT and tourism. Haryana has well-developed physical infrastructure such as power, roads and railways. For promoting trade, the state has planned several

projects such as KMP Expressway, DMIC Project, international cargo airport and a new SEZ in Gurgaon.

Haryana Tourism Corporation, an undertaking of Govt. of Haryana, was incorporated in September 1974 to run the tourist resorts of Haryana Govt. in the state of Haryana. Broadly the main objective of the corporation in respect of Citizens is to provide tourist related services in hygienic fashion. Haryana Tourism catapulted into the arena of Adventure Sports with the forming of its Adventure Club in November, 1991. And Adventure sport had begun. The objective is to provide the young people with opportunities to realize their physical and mental potential by overcoming challenges and obstacles. Even as you read these words, someone somewhere in the state of Haryana will be venturing into our fascinating world of Adventure Sport. On braving a sheer rock-face; fighting to gain a foot hold in a bid to rock climb. At the Morni Hills near Chandigarh.

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