

HOSPITALITY MANAGEMENT

Characteristics : Hospitality Industry

The hospitality industry provide different types of products and services and working in the field of hospitality could be quite challenging. Different from other sectors, the hospitality industry is unique in its nature which tends to be service-oriented and has a strong emphasis on human exchange in the service delivery processes.

Product-Service Mix

In the hospitality industry, customers rarely consume pure products but a mixture of products and services. For example, one who dines in a restaurant will not only pay for the food and drinks but the services provided by the servers. The bill has covered both tangible and intangible experience. Tangible features- for example, a steak as the main course, a glass of house wine, well-groomed service staff and decoration of the restaurant. Intangible features- for example, a comfortable dining atmosphere or the friendly attitude of staff. A successful hospitality business does not only count on its products and services, but also how they are delivered. The qualities of staff and the way they deliver the service are often more important than the tangible products in making a hospitality experience satisfactory or unsatisfactory. Hence, the two features can contribute to the total experience in the service delivery process. As products and other tangible features can be easily imitated by competitors, hospitality

operations which aimed for high-ended customers and 'superior' quality gradually spend more and more resources in enhancing the service standard as a strategy of differentiation.

2. Two-way Communication

In order to achieve service excellences in the hospitality industry, two-way communication is one critical factor which requires the involvement and participation of both customers and service staff in the service delivery process. Through interactions with customers, important messages about their needs and expectations can be received by service staff for their immediate actions to create customer satisfaction. Interactions between internal staff or inter-departments is also critical since total experiences of customers in using any lodging or food and beverage services usually involve team work and exchange of information within the organization.

3. Relationship Building

The hospitality industry highly depends on repeated customers for survival. Building long term relationship with customers can benefit the organizations for generating stable revenues regardless of the instability of seasons and at the same time, developing brand reputations through positive word-of-mouth of the repeated customers. In order to develop brand loyalty, different methods are currently applied by the lodging and food service sectors, such as membership programmes which give privileges and incentives to frequent customers.

However, top management of organizations do believe that the informal ways of building “friendship” between front-line staff and customers through high degree of personal attention and customization can win the loyalty of customers in long run.

4. Diversity in Culture

As hospitality are closely related to tourism industry, it is not surprising that people involved in this sector, no matter customers or staff are experiencing a diversity in culture through interacting with others. Staff who work in a hospitality organization always have interactions with customers from different regions, or to work and corporate with other colleagues who may have different backgrounds or cultures. Due to their differences in religious beliefs and values, some conflicts and misunderstandings can be easily occurred. Therefore, staff should be open-minded, and come up with solutions together in resolving problems in their duties. For example: From customers’ perspective, some of them abstain from meat due to their religious beliefs or habit. Therefore, restaurants should provide vegetarian food as an option in order to satisfy their needs.

5. Labour Intensive

Since the hospitality industry is service-oriented in its’ nature, it requires a huge supply of labours to create a memorable experience for the customers. This characteristic is especially true for those enterprises which target for high-ended customers.

For example, staff-to-guest ratios are high in fine dining restaurants and 5-star hotels which aimed at providing one-on-one services to their customers. Although the advancement in technology do contribute to the replacement of some simple tasks in the whole service process, customers who concern the element of 'care' generally expect high degree of human contacts and personalized services in their consumption experiences. It explains why the industry is always in high demand for labour and is willing to spent time and resources in training and recruiting potential candidates to join the workforce of the hospitality industry.

Hospitality Industry in today's scenario

IT WOULDN'T be an exaggeration to say that the Indian Hospitality industry has seen the most dramatic evolution in the last decade. The fast-evolving Indian consumer has driven this pace of change; greater domestic travel as a result of many factors including increasing disposable incomes, better national infrastructure and connectivity. The escalating travel patterns have led to the need for more diverse and unique guest stay experiences and therefore more diversified accommodation options. Additionally, business travellers are also demanding more in terms of both their stay and MICE experiences. This has given the hospitality sector the opportunity to be more innovative and creative in its offerings.

Today, India has a host of modern, relevant international and domestic hotel brands in play than ever before. IHG has launched 10 Holiday Inn Express hotels in India in partnership with SAMHI to cater to the increase in domestic travellers, specifically the 25-35-year age group that look for savvy and efficient hotel brands when travelling from city to city within India. We are also driving our luxury offering across South West Asia with the debut of InterContinental brand in Bengaluru in India, Dhaka in Bangladesh and Colombo in Sri Lanka.

Moreover, the government has recognized these consumer and business trends and has been working to accelerate the sector. This is evident in the sundry of initiatives and schemes launched in recent years. The UDAN scheme, which plans to make 56 unserved air terminals and 31 helipads operational, throughout the country, will make many more destinations accessible by air travel.

The tourism and hospitality industry in the country is expected to reach a staggering INR 1,210.8 Billion by the end of 2023. From IHG's perspective, we believe that it is important to drive sustainable growth in the industry and pre-empt consumer and business trends.

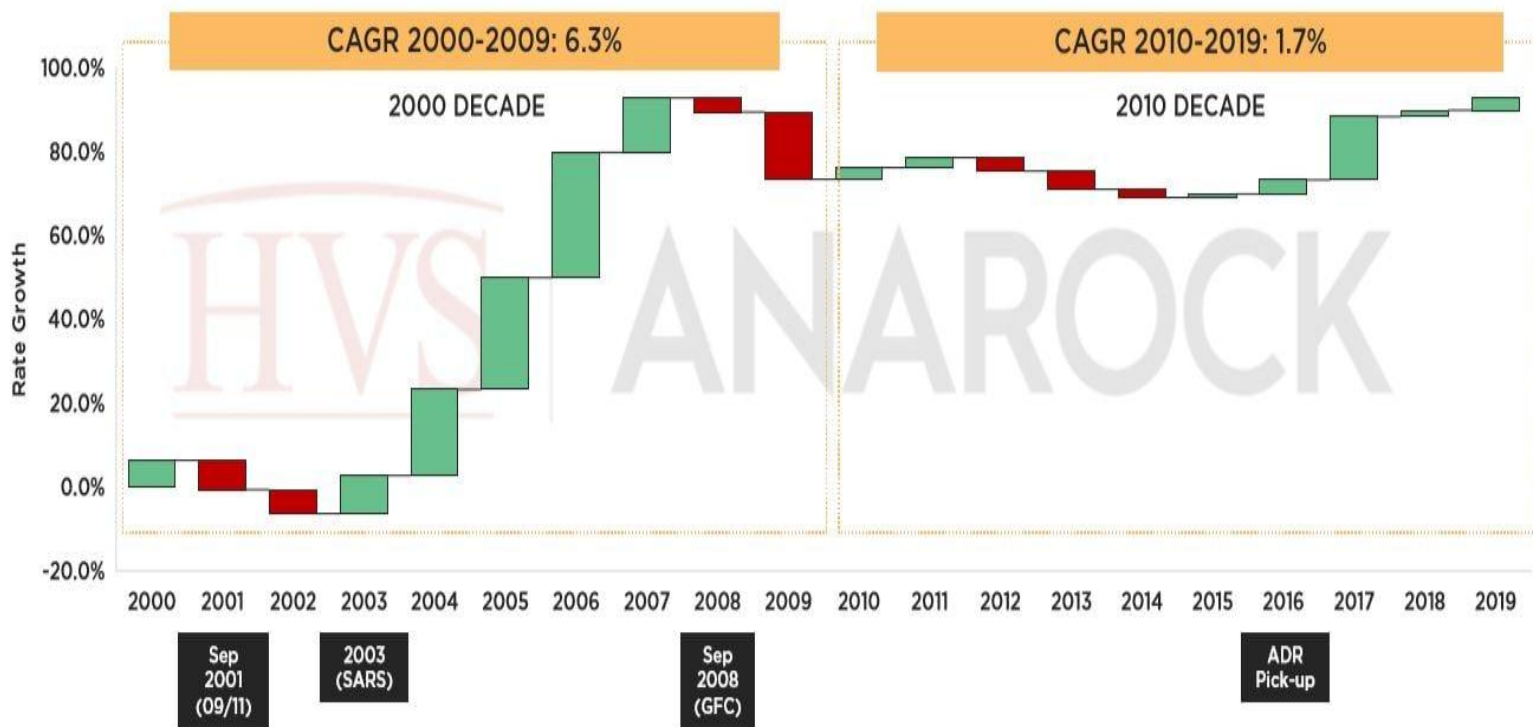
COVID-19 impact: Hospitality sector's revenue loss estimated at almost Rs 90,000 crore in 2020

The COVID-19 pandemic has taken a severe hit on the revenues of the Indian hospitality sector - organized, semi-organized and unorganized. The total revenue loss for the sector in 2020 is estimated at Rs 89,813 crore as against total estimated revenue of Rs 1,58,113 crore in 2019, a report said.

Of this, the revenue loss for organized players is seen at Rs 40,309 crore, semi-organized at Rs 8,379 crore, and unorganised at Rs 41,126 crore.

“The markets were set on a path to recover the grounds lost due to the past disruptive events and supply overhang as the year 2020 started on a positive note with strong performances in the first two months. The onset of COVID-19 and the subsequent travel restrictions and nation-wide lockdown, however, has had an unprecedented impact on the sector,” a report by HVS India and ANAROCK said. The occupancy rate in 2020 is likely to fall 31.6 percent while Revenue Per Available Room (RevPAR) down by 57.8 percent.

The industry witnessed its largest growth rate in the 2000 decade at 6.3 percent CAGR as the country's economy opened post-liberalization and demand outstripped supply by a significant margin. Apart from 2017, average rate growth, post the GFC crisis, has been limited in the 2010 decade growing at a CAGR of 1.7 percent.



Source: HVS Research & STR

At present, the hospitality industry in India is considered a ‘sunrise industry’ which means it has a huge scope in the near future. It is considered as one of the most profitable industries which also accounts for over 8.78 per cent of the total workforce, creating almost 15 million jobs in the past five years. The sector attracts a major chunk of foreign direct investment inflow along with the most important means of foreign exchange for the country.

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Thank you