CHAPTER 1

INTRODUCTION

1.1 GENERAL

Hospitality is a long running tradition in India. From the majestic Himalayas and the stark deserts of Rajasthan, over beautiful beaches and lush tropical forests, to idyllic villages and bustling cities, India offers unique opportunities for every individual preference. Moreover, India has a great tradition of accommodating people of other origins and tolerating their different culture, lifestyle, habits, and religion. In Indian culture stories abound of hosts who lovingly cook up the best foods available to them for their guests beyond what they can afford, rather going themselves hungry than not being able to satisfy their guests. This element of Indian culture is based on the philosophy of "Atithi Devo Bhava", meaning "The Guest is God" in Sanskrit language. This ideology of the Indian generosity towards guests well suits either at home or elsewhere.

The growth story of the Indian hospitality industry started in the 1980s, when several prestigious hotels were developed to cater to the ASIAD Games in New Delhi. Until about ten years ago, however, the hospitality industry in India continued to be characterised by its extremely limited choice of options. There was a very limited availability and lesser quality of hotels in cities beyond the usual suspects: Delhi, Mumbai, Kolkata, Chennai, and Bangalore. Other aspiring hospitality markets have been gradually increasing, such as Ahmedabad, Jaipur, Goa, Hyderabad, and Pune.
Even during the 1990s India was characterised by a dichotomy of luxury hotels on one end and non-descript unclassified hotels on the other. The massive unclassified market was mainly composed of no-frills guest houses and lodges in the budget segment, many catering especially to backpackers, such as in Delhi's Paharganj; non-descript privately-owned standard hotels; and government-owned accommodation such as by the Power Department or the Wildlife Department as well as the various hotels run by the Tourism Departments.

Only during the last decade did the mid-segment gradually develop beyond non-chain properties, with entrants into the field such as Hilton Garden Inns and Taj Group's Ginger Hotels. Other prospective entrants consider the mid-market segment most promising, too. Since 2000, India has also experienced the rapid emergence of unconventional and innovative hospitality service providers, be it far-off eco-lodges in the jungles or NGOs (Non-Governmental Organisations) offering accommodation in tribal villages. It can be rightly said that, since liberalisation of Indian economy in 1991, hotel accommodation services throughout India has become extremely diverse, from cosy home stays and tribal huts to stunning heritage mansions and maharaja palaces. From Kashmir to Kanyakumari, from Gujarat to Assam, there are different cultures, languages, life styles, and cuisines.

India is a fast growing market and sees a positive growth with respect to occupancy in hotels. The Indian hoteliers are very optimistic and tourist inflow is expected to increase in future. According to 2014 statistics shared by the Ministry of External Affairs, Government of India, the Indian hospitality sector has been growing at a cumulative annual growth rate of 14 per cent every year, adding significant amounts of foreign exchange to the economy and according to India. According to a report from HVS (Housing Vacant), the overall occupancy rates showed a marginal increase in the 2013
to 2014 fiscal year with 58.90 percent occupancy, an increase of 1.90 per cent from the previous year. This growth rate registers a steady growth of hotel industry in India.

The growth and development of hospitality services industry in India has been immense and has largely dominated the traditional primary and secondary industries. The service industry now accounts for more than two third of the India’s economy. Amongst the services sector, the hotel industry is the fastest growing industry and was valued at 511.5 billion in 2008-09, this income has increased to nearly 4.70 per cent by the end of the financial year 2012-13. Though, this industry has grown significantly over years both in terms of sales and number of rooms, however recently has been facing challenges both in terms of lower occupancies and Average Room Rates (ARRs).

In the recent past, it has been observed that most consumers, due to the recent economic crisis have cut down their spending on travelling and luxury holidays and have moved towards the budget end of the market that is targeted by companies such as Travel Lodge, Premiere Inn etc. The luxury market in particular has become extremely competitive with hotel chains and besides the economic recession of 2008, intense competition, and technological innovation, the most important challenge facing these hospitality establishments is the increasing demand for service quality. Consumers are demanding services and as a result services are being considered as value assessment variables in predicting hotels success in the market place.

Delivery of superior quality service is essential and some leading hotel organisations have used it as a competitive weapon to differentiate their service offerings. From a customer’s perspective, what they receive from hotels is service and therefore it is important for hotel organisations and
managers to understand in depth what they are offering and the way in which it should be delivered, to ensure that they create best service experiences for their customers. The above drawn elaborate discussion has motivated researcher for conduct of this study. This study aims to analyse customer satisfaction towards service quality of star hotels. This empirical study is focused on customer satisfaction towards service quality of star hotels in Coimbatore District.

1.2 OVERVIEW ON HOSPITALITY INDUSTRY IN INDIA

The Indian Tourism and Hospitality industry is one of the largest segments under the services sector of the Indian economy and offers the most diverse products globally. The country’s rich history, cultural heritage, diversity of religion, variety of landscapes and medicine fascinate both, budget and luxury travelers. Tourism in India has registered significant growth over the years, which is led by rising incomes, affordability, aspirations, globalisation, and growing airline industry along with improvement in travel-related infrastructure. The industry holds immense potential for the Indian economy and it can provide impetus to the industries through backward and forward linkages. This sector contributes around 6.23 per cent to the national GDP (Gross Domestic Products) and 8.78 per cent of the total employment of the country. The direct contribution to the GDP totaled US$30.95 billion in 2012 and rise to US$ 40.80 billion by the end of the year 2014.

The market size of the tourism and hospitality industry stood at US$117.70 Billion. The industry growth rate CAGR (Compound Annual Growth Rate) of 36.50 per cent during 2009-2013 and growing at forecasted CAGR of 15.15 percent, it is expected to become a US$418.90 billion industry by 2022.
1.2.1 Industry Overview Segmentation

In this section of the study a detailed discussion is drawn on various segments of Indian hospitality industry.

i. Accommodation and Catering

This segment is highly fragmented and it is further divided in two broad sub segments namely; Restaurants and Hotels. It is the largest segment of the industry and it is mostly dominated by the unorganised sector.
ii. Tourist Destinations

This segment comprises India’s vast array of tourist destinations varying from world heritage sites to beautiful scenic destinations and extravagant festivals among other attractions.

iii. Events

It is the newest segment of the industry and it is driven by their trend of concerts, youth festivals and weekenders in the country.

1.2.2 Travel and Tour Formats

This segment works under two broad categories; Offline Mode and Online Mode and it comprises various tours and travel format such as Eco-tourism, Medical tourism, Adventure tourism etc.

Figure 1.3 Industry Overview Evolution of the Industry

<table>
<thead>
<tr>
<th>Period</th>
<th>Description</th>
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<tbody>
<tr>
<td>Pre - 1990</td>
<td>The National Tourism Policy was announced and the government formulated a comprehensive plan to promote tourism in 1988</td>
</tr>
<tr>
<td>1990 - 2000</td>
<td>Government stressed on public-private partnership in the sector and the policies gave a boost to the hotel industry. Many such partnerships are still active</td>
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<tr>
<td>2000 - 2005</td>
<td>A new policy on tourism was announced in 2002 with focus on developing infrastructure and Online travel portals and low-cost carriers were launched</td>
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<tr>
<td>2005 - 2010</td>
<td>The government undertook marketing initiatives and the domestic spending on tourism accounted for over 80.3% of the total tourism revenues</td>
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<tr>
<td>Present</td>
<td>Foreign tourists visiting India rose to 6.36 Million and new products such as Medical tourism and Ecotourism came into existence</td>
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Indians attitude towards visitors was influenced by the 'Atithi Devo Bhavah'. It means guest is like God and should be treated accordingly. After this, the British came to India and Sarais took the form of western style hotels in the important cities of India like Mumbai and Kolkata. During this period, on one hand, we find western style hotels for foreigners and on the other, Indian style hotels for the people belonging to upper and middle class income groups. The old type dharamshalas were still having their importance to serve the needs and requirements of the poor classes. In the nineteenth century, western style residential hotels were developed in India by British and Swiss families mainly for their own use or for foreign visitors. Mr. Pallonjee Pestonjee is called as the pioneer of the western style hotel in India who opened the first – western style hotel under the name of British Hotel in Mumbai in 1840. By the end of the nineteenth century, many western style hotels were established in India. These hotels were very much popular for their efficient management, unsurpassed cuisine and the excellence of beers and wines. The twentieth century may be called as the beginning of star hotels in India. In this century, big and modern hotels came into existence on account of the advent of big businessmen and new entrepreneurs (Negi Jagmohan).

1.2.3 Development of Hospitality Industry in India

The concept of travel and halting facilities is quite old in India. In ancient times, people used to travel for pilgrimage or business purposes. For ages, India has been known for its hospitality. Endowed with rich historic heritage, cultural diversity, natural resources and geographical advantage, India remained a big attraction for foreigners. In ancient times, the need of travellers for food and accommodation was met mainly by home stays which are still in existence in interior areas of the country.
Domestic tourists were looked after by the pandas or priests. They used to accommodate their clients in dharamshalas or in their own houses at places of pilgrimage like Banaras, Haridwar, Puri and Mathura etc. In general, the attitude of the ancient Indians towards visitors was influenced by the ‘Atithi Devo Bhavah’. It means Guest is Like God and should be treated accordingly (R.N. Kaul). These few lines amply indicate the importance which was given to guests in olden times. Improvements in the transport and communication facilities resulted in the establishment of inns and taverns in main cities of the country.

In the eighteenth century, there were plenty of taverns in the country (a tavern mean an archaic or inn) where travellers from long distances took shelter and food. During this period, a number of dharamshalas were built by Kings for encouraging travel all over the country. Apart from dharamshalas, “Sarais” were introduced by the Muslim rulers which provided the best possible facilities like food, accommodation etc. to travellers. After this, the British came to India and Sarais took the form of western style hotels in the important cities of India like Mumbai and Kolkata. During this period, on one hand, we find western style hotels for foreigners and on the other, Indian style hotels for the people belonging to upper and middle class income groups. The old type dharamshalas were still having their importance to serve the needs and requirements of the poor classes (Singla, M. L).

Affluent tourists also contributed a lot to the development of star culture. The major star hotels in India are in private sector. The high profile hotels include The Indian Hotels Company Ltd., East India Hotels Ltd., ITC Hotels Ltd., Bharat Hotels Ltd., Asian Hotels Ltd., Hotel Leela venture Ltd. And Jay Pee Hotels Ltd. etc. The public sector enterprise like India Tourism Development Corporation Ltd (ITDC) runs country’s largest accommodation chain of Hotels.
The hotel industry in India is making a remarkable progress in private sector. The hotels have shown distinct improvement in operating techniques, catering and service. Prior to the 1980’s the Indian hotel industry was a slow growing industry primarily consisting of relatively static single hotel companies. However, the Asian games in 1982 and the subsequent partial liberalisation of the Indian economy generated tourism interest in India with significant benefits accruing to the hotel and tourism sector in terms of improved demand patterns, The fortunes of the hotel industry are tied with tourism and the general business climate in the country, which is why the economic liberalisation initiatives implemented Since 1991, led to a soaring demand and supply gap in the hotel industry. This enabled Indian hotel companies to increase their average room realisations (ARR) by almost 50 per cent between April 1994 and April 1997 and still enjoy extremely high occupancies of above 80 per cent for most of this period. During this time the ARR’s of Indian 5 Star hotels were comparable to those prevailing in Singapore and Hong Kong and were among the highest in the region. Hotel Industry in India has witnessed tremendous boom in recent years.

Hotel Industry is inextricably linked to the tourism industry and the growth in the Indian tourism industry has fuelled the growth of Indian hotel industry. The thriving economy and increased business opportunities in India made a rise in the Indian hotel industry. The arrival of low cost airlines and the associated price wars have given domestic tourists a host of options.

The ‘Incredible India’ destination campaign and the recently launched ‘Atithi Devo Bhavah’ (ADB) campaign have also helped in the growth of domestic and international tourism and consequently the hotel industry. Over recent years government has taken several steps to boost travel & tourism which have benefited hotel industry in India. These include the abolishment of the inland air travel tax of 15 per cent; reduction in excise duty
on aviation turbine fuel to 8 per cent; and removal of a number of restrictions on outbound chartered flights, including those relating to frequency and size of aircraft.

The government’s recent decision to treat convention centres as part of the core infrastructure, allowing the government to provide critical funding for the large capital investment that may be required has also fuelled the demand for hotel rooms. The opening up of the aviation industry in India has given exciting opportunities for hotel industry as it relies on airlines to transport 80 per cent of international arrivals. The government’s decision to substantially upgrade 28 regional airports in smaller towns and privatisation & expansion of Delhi, Mumbai, Hyderabad, Bangalore etc., airports will improve the business prospects of hotel industry in India. Substantial investments in tourism infrastructure are essential for Indian hotel industry to achieve its potential.

The upgrading of national highways connecting various parts of India has opened new avenues for the development of budget hotels in India. Taking advantage of this opportunity Tata group and another hotel chain called ‘Homotel’ have entered this business segment. Online report on a website reveals hotel industry in India currently has supply of 110,000 rooms and there is a shortage of 150,000 rooms. According to estimate the demand is going to exceed supply by at least 100 per cent over the next 2 years. Five-star hotels in metro cities same room, more than once a day to different guests, receiving almost 24-hour rates from both guests against 6-8 hours usage. With demand-supply disparity, hotel rates in India are likely to rise by 5 to 25 per cent annually and occupancy by 80 per cent, over the next two years. This will affect the competitiveness of India as a cost-effective tourist destination. To overcome, this shortage, the Indian hotel
industry is adding about 60,000 quality rooms, currently in different stages of planning and development, which should be ready. Hotel Industry in India also set to get a fillip with Delhi hosting 2010 Commonwealth Games. Government has approved 3005 hotel projects, nearly half of which are in the luxury range. The future scenario of Indian hotel industry looks extremely rosy. It is expected that the budget and mid-market hotel segment will witness huge growth and expansion while the luxury segment will continue to perform extremely well over the next few years.

The hospitality industry is a 3.5 trillion dollar service sector within the global economy. It is expected to grow at the rate of 8 per cent between 2008 and 2016. Many international hotel brands including Sheraton, Hyatt, Radisson, Meridien, Four Seasons Regent, and Marriott International are already established in the Indian markets and are still expanding. Increase in average room rent for the entire hotel industry over the previous year was 35 per cent.

1.3 IMPORTANCE OF HOTEL INDUSTRY

Hospitality industry is a major sector in the tourism industry, which, in turn is one of the most rapidly expanding fields in the service industry. According to the World Travel and Tourism Council (WTTC), travel and tourism has become the leading economic contributor to the world and national economies in terms of gross output, value added, capital investment, employment and tax contributions. Because it caters to the accommodation needs, the hotel industry is of central importance to the development of travel and tourism. The hotel industry is by nature an international one. As international trade and business expand, there is little
question but that international linkage will become even more important for the industry.

Hospitality industry has brought tremendous growth to the global economy by providing services ranging from accommodation, sight-seeing, as well as other services related to the tourism industry. It not only provides employment but also plays a vital role in the economic gain of a country in the form of foreign exchange. Also the interaction with people from different cultures, thus educating people, is brought about by the hospitality industry. Hence, Hospitality industry plays a major role in the development of economies.

1.3.1 Growth of Hotel Sector in India

The Hospitality industry is one of the largest service industries in India. Despite seeing the least hotel occupancy in the past two years, this sector will promise robust growth over time with new travel concepts and innovative hotel projects. The growth of the Indian hotel market is based on the rising domestic and foreign tourism. Approximately 300 hotels will come up in India over the next three years, constituting about 17 per cent of Asia’s hotel construction are going. India has the second largest number of hotels (292) under construction after China (592). The hotel projects under construction include projects from companies such as Four Seasons, Carlson Rezidor Hotel Group, Hilton Worldwide, Hyatt Hotels, and Indian Hotels.
As shown NCR (New Capital Region, Delhi) is likely to experience the maximum addition to its keys inventory over the next three years. The development of the hospitality district in Aero-city near the Delhi airport alone is likely to add close to 4,000 Rooms to the region. Mumbai comes in second, with brands such as Conrad, Bellagio and MGM Grand and entering the market. Bengaluru will also witness the debut of The Ritz Carlton in the city; considered to be one of the most significant openings anticipated over the next three years.
1.3.2 Hotel Industry in Tamil Nadu

Southern India has always attracted the tourists across the globe and Tamil Nadu especially is a favourite destination with its glorious heritage. Apart from its temples are age spanning over millennium, places of archaeological importance, long beaches, wild life sanctuaries, varying landscapes, friendly people etc., the remarkable thing is its enormous growth in hospitality industry in recent years. The growth story started from mid-90s when the Government opened up the Indian skies for private and foreign operators. Opening up of the Indian aviation industry enabled even a common man to fly across the length and breadth of the country. Many global auto majors started setting up factory in the country – some of them in and around Chennai. All this together brought in a lot of prosperity to the country’s economy. Foreign tourist arrival – both on business and leisure - started picking up. Even, Indians started travelling a lot, all over the world.
It is a fact that the growth of the hospitality industry is linked with the growth of tourism both inbound and outbound. Recreational, medical, business and education tourism thrive here. Tamil Nadu’s tourism industry is the second largest in India, with an annual growth rate of 16 per cent. According to the World Tourism Organisation, by the year 2020, it is expected that India will become the leader in the tourism industry in South Asia, with about 8.9 million arrivals. Naturally Tamil Nadu will get the lion’s share of its tourists.

India’s travel and tourism industry will directly contribute 3,345 billion to the GDP by 2019, allowing 100 per cent foreign direct investment in hotel infrastructure development. This will prove to be a major growth drive for the industry. As all new hotel projects can avail the benefit of 100 per cent deductions with respect to profits and gains, for a period of 10 years it is expected that the investments in this sector will boost up. Though the hotel room rates have come under tremendous pressure in the last three years, Tamil Nadu still has great potential to be a great MICE destination.

The current phenomenon is only a medium-term issue. In the long run, if the Government does its bit in creating facilities such as big convention centres and encourage the hotel industry by extending financial support, cities such as Chennai can be certainly be the choicest destination for many global corporate. Unlike the Northern states, Tamil Nadu has a much even distribution of famous hotel brands. Almost all big cities boast all international hotel brands. Many international hospitality brands such as Novotel, Sheraton, Le Meridien, Westin, Choice Hotels, Carlson, Marriott, Hyatt and Ascot turned to South India. Big Indian domestic players such as Taj, Oberoi and ITC companies have started the expansion. There is great demand for smaller hotels and restaurants in tier-II cities also. The only hurdle is the land cost. Promoters build only five-star hotels because the land
cost is very high. If the Government comes forward to help hotel companies by offering land parcels at subsidised prices to improve tourism infrastructure in these places, the industry will reach its heights.

1.3.3 Classifications of Hotels

The broad classifications of hotel services in India are:

i. Star Hotels

This category is based on the standards of location, facilities, infrastructure and amenities provided. Star rating is given by HRACC (The Hotel and Restaurant Approval and Classification Committee of Ministry of Tourism, India). They form 30 per cent of the industry size. The star ratings are Five Star Deluxe, Five Star, Four Star, Three Star, Two Star and One Star. The first 2 types are usually located in business areas of metro cities and cater to foreign tourists, business travellers, top government officials and political brass, offering luxury at a high price.

The next two types are in tier II cities and tourist destinations preferred by mid-level executives and leisure tourists. The last 2 types are found in smaller cities and around tourist spots, preferred by domestic tourists. Reputed Indian veterans include ITC, Indian Hotels Company (Taj group), East India Hotels (Oberoi group), Hotel Leela Venture and ITDC hotels. Foreign hospitality players include Marriott, Radisson, Sheraton, Meriden, Hyatt, Four Seasons Regent, Carlson group, Jumeirah and Mandarin Oriental and Park Clarion, Aloft, Park Plaza and Radisson.

ii. Heritage Hotels

This category is on the basis of the nature. They operate from forts, palaces, castles, jungle and river lodges and heritage buildings. These are
ideally suited for vacations, relatively affordable and fun places. The classification includes Heritage Classic is constructed between 1920 and 1935, Heritage Grand, existing before 1920, and Heritage is constructed between 1935 to 1950. Most Indian hotel groups mentioned above operate Heritage hotels at historical sites across India. The other types in this category include beach resorts and wildlife resorts also.

iii. Budget Hotels

Budget Hotels are usually preferred by domestic travellers seeking economical accommodation. These are reasonably priced, offer limited luxury, seasonal discounts and decent services. Some new global entrants include UK’s Dawnay Day and Whitbread Premier Travel Inn, Shangri-la, Aman resorts, Golden Tulip budget hotels, Fairfield Inn, Country Inns and Suites, Courtyard by Marriott, Hometel, Ibis and Kamfotel among others. Budget hotels are preferred by business travellers contributing to greater ARR (Average Room Rate) than leisure travellers. Increased demand and healthy occupancy has fuelled the growth of budget hotels in a short time.

iv. Unclassified Hotels

There are motels spread across the country. They form 19 per cent of the industry size. Low price is their only USP (Unique Selling Proposition). Some other such categories include: Airport Hotels, Ecotels, Service Apartments, Timeshare, Modular Hotel, Forest Apartments, Agriculture Destination Resort, Condotel, Coliday Comes, Spas (Residential, Urban, Ayurvedic, etc.)

1.3.4 Factors that Influences the Growth of Hotel Industry in India

There are both demand and supply side factors that influences the growth of hotel industry across India.
I. Demand Side Drivers

There is various demand side and supply side factors that drive the growth of the accommodation and catering segment, some of them are as under:

i. Favorable Demographics

The urge for trying new cuisines, exploring new places, going out for weekend gateways have been the key growth drivers for this segment. An average young Indian eats out almost thrice week and goes out for a short week end trip every 2 months. QSRs are also increasingly becoming social hangout spots, where the young population gathers to meet friends and spend their leisure time. India is demographically one of the countries in the world with more than 50% youngsters of its population below the age of 25 and more than 65% youngsters below the age of 35.

Figure 1.6  Indian Population as of 2013, 1.3 Billion People according Age Structure of the Indian Population

ii. Rising Number of Working Women

Along with an increase in India’s working population, there has also been a increase in the number of working women. With more women
spending a substantial number of hours at work, there is little or no time to prepare elaborate meals at home. More working women are spending their disposable incomes on eating out or serving ready-to-eat or frozen foods picked up on the way home from work.

iii. Change in Consumption Trends and Disposable Income

Growing affluence and higher spending capacity provides a huge opportunity for the food service sector. With higher disposable incomes, consumers do not hesitate to spend more on foods and eatables. By 2025, India will have 583 Million people living on incomes of above US$ 4,380/year. With 65 per cent of the population being under the age of 35, an increasing number of Indians are capable of earning and have rising disposable incomes, which are driving up demand for specialty and value-added food products.

1.4 SUPPLY SIDE DRIVERS

Some of the supply side factors that influences the growth and promotion of hotel industry are:

i. Multiple Cuisines

The foray of Indian hotels and restaurants in to a variety of global cuisines is creating a positive impact on the segment. Indo-Chinese food has risen in popularity to almost become a staple cuisine across the country, and new favorites such as Mexican, Italian, Thai, and Japanese food are tickling the palates of Indian consumers.
ii. Better Retail Concepts

The development of malls and multiplexes has provided the industry with ideal spaces for operation. Malls have allowed new formats such as food courts to enter the market and offer consumers to access multiple cuisines. A portion of the malls’ traffic is also converted into customers for the food courts.

iii. Logistics and Supply Chains for Hotels

The food supply chain in India is complex, less developed and involves numerous small stakeholders at various states: farmers, wholesalers, food manufacturers, retailers and multiple intermediaries who add little value to the product. While most of these challenges are dealt with, contract farming has come up as a boon for this segment. Contract farming companies are those companies that sign contracts with farmers to grow a specific crop, guaranteeing to buy the produce at an agreed price. These companies have emerged as a preferred way for big global and domestic catering brands to source agricultural products. Third party logistics providers, which transport the produced food products from source to destination, have also emerged as a growth driver in this segment.

1.5 NEED FOR THE STUDY

During the past decades, the tourism industry has become one of the most important players of economies worldwide. This industry has many infrastructures and service institutions in its category among which the most important is infrastructure. In this respect, customer satisfaction is a definite need for service organisation improvement and therefore, maintaining and measuring customer satisfaction, as one of the most important aspects of quality improvement is a basic need of organisations. The hospitality industry
simply cannot survive without delivering satisfied quality of their services. The quality of services in hotel industry is an important factor of successful business. The existing trend of complete quality management in hotel industry ensures the achievement of competitive advantage of hotel companies and is therefore the subject of contemporary research into service quality in hotel industry.

A business with high service quality will meet customer needs whilst remaining economically competitive. Improved service quality may increase economic competitiveness. This aim may be achieved by understanding, improving operational processes, identifying problems quickly and systematically, establishing valid and reliable service performance measures, measuring customer satisfaction and other performance outcomes. Service quality has been an important subject of research involving hotel industry. The quality of service in hotel industry is an important factor for the successful business. The existing trend of complete quality management in hotel industry ensures the achievement of competitive advantage of hotel companies and is therefore the need of contemporary research into service quality in hotel industry. The present study deals with the conceptual model of service quality and to understand the genesis of service quality of selected star hotels in Coimbatore district. The perceptions and expectations are the important factors in measuring the service quality. These differences are confirmed that separate SERVQUAL measuring scale is needed for analysing the research problem.

1.6 STATEMENT OF PROBLEM

In the highly competitive hotel industry, service becomes one of the most important elements for gaining a sustainable competitive advantage. Thus, in the marketplace hoteliers have introduced various departments in their hotels like: Fast Food, Spa, Boutiques, Fitness Gym, Sight-Seeing/
Travel Desk, Catering, Bar, Restaurant etc. Quality of these services has been increasingly recognised as a critical factor in the success of any business, since service quality is inherent feature to the hotel industry in India and also across the world.

With the support of elaborate literature review it has been clearly understood that the service quality has been an important subject of research involving different departments of hotels. Despite a substantial number of studies on service quality, the reasons for revisit to the hotel. The present study aims to analyse the service quality management in the star hotels, its process, and the effective service quality management framework and encourages hotels to increase their service quality to satisfy their customers better.

In order to be successful in the market it is not only sufficient to attract new customers, the managers must also concentrate on retaining existing customers by implementing effective policies of customer satisfaction and loyalty. In hotel industry customer satisfaction is largely hooked upon quality of service. A management approach focused on customer satisfaction can improve customer loyalty, thus increasing the positive image of the touristic destination. Research on the topic of guest satisfaction, which translates into the consideration of whether or not customers will return to a hotel or advice it to other tourists, is pivotal to the success of the hospitality business. Neglecting to pay attention to those hotel attributes considered most important by guests, may lead to negative evaluation of the hotel, thus restricting the chance of repeat patronage. Hence, the present study makes an attempt to analyse the customer satisfaction level towards service quality of hotel and for each service supplied. Based on the above issues the following questions were probed.
1. What types of services provided by the management to enhance the business volume?

2. How far the customers are aware of various services in the star hotels?

3. How they utilised the services in star hotels?

4. How they satisfied with the service quality of star hotels in Coimbatore District?

5. What are the problems faced by customers on quality of services in star hotels?

1.7 SCOPE OF THE STUDY

Hospitality industry is a major sector in the tourism industry, which, in turn is one of the most rapidly expanding fields in the service industry. The SERVQUAL model offers a suitable conceptual frame for the research and service quality measurement in the service sector. This study will help the management to analyse the weakness in specific areas of service quality of their hotels. The management has to take essential steps in locating key areas for development and should implement appropriate strategies for developing the same. This research work will help the management in creating quality services for star hotels in Coimbatore district and in turn enhance the image of the hospitality. Therefore, the purpose of this research study is to provide greater understanding of the research and entitled as “A Study on Customer Satisfaction towards Service Quality of Star Hotels with Special Reference to Coimbatore District” and it will give recommendations related to the major practitioners.
1.8 OBJECTIVES OF THE STUDY

Based on the theoretical and conceptual discussions the objectives of the study formulated as follows:

1. To study the profile and the service quality of star hotels in Coimbatore district.
2. To measure the awareness and the expectation of customers on various quality of services in the star hotels.
3. To identify the factors that influenced to determine the customer satisfaction towards the star hotel services in Coimbatore district.
4. To examine the customer’s level of satisfaction towards the star hotel services in Coimbatore district.
5. To find out the common problems faced by the customers on the quality of services in the star hotels.
6. To suggest the better ways and means to improve the customer satisfaction towards the service quality of star hotels in Coimbatore district.

1.9 HYPOTHESES OF THE STUDY

Following null hypotheses are framed to draw empirical justification to the objectives of the study.

- There is no significant relationship between demographic status of the star hotel customers’ and level of satisfaction derived by them.
• There is no significant relationship between socio-economic status of the star hotel customers’ and level of satisfaction derived by them.

• There is no significant relationship between purpose of tour and level of satisfaction derived by the star hotel customers’.

• There is no significant relationship between nationality and level of satisfaction derived by the star hotel customers’.

• There is a positive impact of the service quality dimensions on the customers’ level of satisfaction towards the star hotels in Coimbatore District.

• There exists close association between customers’ preference toward star hotel services and their purpose of trip.

• There exists wide gap between customers’ perception towards hotel services and their expectations.

1.10 RESEARCH METHODOLOGY

The current study is both explorative and descriptive in nature. Based on its contribution to growth of hotel industry the researcher has been motivated to select Coimbatore District for the conduct of empirical study. Based on this theoretical understanding drawn on sampling framework and structure of thesis writing this research has adopted both quantitative and qualitative research techniques.

In the first stage of the sampling the researcher had identified that Coimbatore city has more than 80 hotels of budget class, one, two, three, four and five star hotels. The population of the study was restricted to the customers of three stars, four-star and five-star hotels located in Coimbatore
district. In Coimbatore city there are 12, Three, Four and Five Star rated hotels are currently in operations. Out the identified 12 hotels, it has been observed that only 11 hotels had applied for reaccreditation of star stated under the Ministry of Tourism and also rated under the ITC hotel rating. Thus, the study was confined to the category of 3 star to 5 star rated hotels belonging to the category, only seven hotels were selected as sample. A sample of 150 guests from each star graded hotel was selected for the effective conduct of the study i.e., 1050 respondents in total. A well structure questionnaire was framed for collection of primary data from the sample population.

1.11 LIMITATION OF THE STUDY

Collection of data from the star hotel customers is not an easy task because sometimes customers’ feel that the interviewer disturbs them during their personal time i.e., when they are with their friends or guest, business partners or with their family. Beside this, some of the limitation of the study are as follows:

- Firstly, the study is specific to the geographical limitation. This study is confined to only Coimbatore district. The geographical and socio-economic status of hotel guest who visits Coimbatore may not be identical to that of other places in India, and thus the findings of this study may not be generalised to other hotels operating in other parts of Tamilnadu or India or in other countries.
- Secondly, the design of the study allowed the results of the sample to be drawn exclusively from respondents who stay in the selected star graded hotels across Coimbatore district at a specific time, occasion or seasons. This again may influences the findings of the study.
• Yet another limitation of the study also suffers like all descriptive studies carried with support of questionnaire is the unclear information furnished by the sample respondents for certain queries raised by the researcher which may be subjected to bias, which may again influences the findings of the study.

1.12 CHAPTER ORGANISATION SCHEME

The framework of this research work has been structured to gain insights into the above purpose and thus includes five chapters, namely the Introduction and Literature Review, Research Design, Analysis and Discussion, Summary, Findings, Suggestions, Conclusion, and Future Research Scope. This thesis of the study is organised into five major chapters. A brief outline of each of them is given below:

Chapter 1: Introduction. The first chapter consists of introduction of the study, Overview on Hospitality Industry in India, Importance of Hotel Industry, Need for the Study, Statement of Problem, Scope of the Study, Objectives of the Study, Hypotheses of the Study, Research Methodology, Limitation of the Study and Chapter Organisation Scheme.

Chapter 2: The second chapter aims reviews the existing literature related to hotel industry services, customers satisfaction and their perception and expectation towards service quality of hotel services.

Chapter 3: The third chapter reports about the methodology that was adopted for this research. In particular it describes the population, sample definitions, survey approach data collection procedures and analysis.

Chapter 4: The fifth chapter aims to the analysis and interpretation of data collected.

Chapter 5: The fifth chapter recapitulates the prominent and key findings of the study. It also attempts to propose suitable recommendations, policy interventions, overall observations, representations and concluding remarks.