Chapter 6

FACTORS INFLUENCING THE OCCUPANCY

6.1 INTRODUCTION

In the earlier chapters we have discussed the factors affecting the rate of attrition in the Budget Hotels in Mumbai region. Now we will analyze the factors affecting the level of occupancy in the hotel industry at large and in Budget Hotels in Mumbai in particular.

6.1.2 Customer Satisfaction influencing Occupancy level

The percentage of occupancy level in a hotel play a very vital role not only for the profitability, but also for the very existence of the hotel business. The revenue and profitability has direct relations with the occupancy level in a hotel. With the increase in the occupancy, the revenue and profitability automatically goes up. It is therefore necessary to discuss the factors influencing the occupancy level in a hotel. It also indirectly affects the rate of attrition in a hotel. If occupancy level of a hotel is optimum or on a higher side, the revenue generation and profitability will also be higher. With the sufficient resources at their disposal, the hotel will be able to attract, employ and retain excellent, talented and best available employees from the market. Will be able to meet the expectations of their employees and also spend and invest in their training and development. It will also be able to maintain the services and ambience of their property. All these factors will lead to the lower rate of attrition.

Hotel Industry is the touch and feel industry and the service oriented one. Not only the tangible product (i.e. the building, rooms etc) offered to the guest should be up to the mark but also the services rendered by its employees must meet the expectations of the guest. The very survival of a hotel depend upon the customer satisfaction. A satisfied customer not only becomes a repeat customer himself, but also becomes an unofficial brand ambassador of a hotel and brings in more customers through mouth publicity.
<table>
<thead>
<tr>
<th>SN</th>
<th>Description</th>
<th>Response 1 &amp; 2 Excellent or Very Good Occupancy</th>
<th>Response 3 Average Occupancy</th>
<th>Response 4 &amp; 5 poor or very poor Occupancy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Nos. %</td>
<td>Nos. %</td>
<td>Nos. %</td>
</tr>
<tr>
<td>1</td>
<td>Customer Satisfaction with product – Ambience etc.</td>
<td>85 21%</td>
<td>63 16%</td>
<td>253 63%</td>
</tr>
<tr>
<td>2</td>
<td>Customer Satisfied with Restaurants Food and Beverage Services</td>
<td>108 27%</td>
<td>77 19%</td>
<td>215 53%</td>
</tr>
<tr>
<td>3</td>
<td>Customer's satisfaction with cleanliness/Housekeeping</td>
<td>101 25%</td>
<td>56 14%</td>
<td>243 61%</td>
</tr>
<tr>
<td>4</td>
<td>Customer Satisfaction with employees attitude/behaviour</td>
<td>79 20%</td>
<td>100 25%</td>
<td>221 55%</td>
</tr>
<tr>
<td>5</td>
<td>Top Management’s role in ensuring customer satisfaction</td>
<td>84 22%</td>
<td>89 22%</td>
<td>227 57%</td>
</tr>
<tr>
<td>6</td>
<td>Overall satisfaction of the Customers.</td>
<td>88 22%</td>
<td>103 26%</td>
<td>248 62%</td>
</tr>
<tr>
<td></td>
<td>Average Occupancy in %</td>
<td>87%</td>
<td>76%</td>
<td>68%</td>
</tr>
</tbody>
</table>
As can be seen from the item 1 of the Table 6.1, on the previous page, the respondents were asked about their satisfaction with the product i.e. Hotel's Ambience, Lobby, Rooms and other Amenities. Out of 400 respondents, whereas 85 were fully satisfied with these ambience and amenities, 63 of them had an average kind of satisfaction but the maximum 253 were not at all satisfied. It means, that majority of the guest were not satisfied with the upkeep of the Rooms and public area in these category of hotels. Similarly, the customers were again asked about their satisfaction with the Restaurants, Banquets and F&B services in the hotel. Out of 400 respondents 108 respondents were quite satisfied with facilities, were moderately or somewhat satisfied but again, the majority of them i.e. 215 respondents were not satisfied by such services in the hotel.

Corporate or business travelers follow very busy and hectic schedule and don’t have much time or an inclination to enjoy the room, ambience etc during their hotel stay but what they really expect from the hotel is a neat and clean room and bathroom. The respondents were therefore asked questions on the cleanliness and housekeeping services in the hotel. Out of 400 respondents, 101 respondents revealed that hotel was good on cleanliness and proper upkeep of the room and the public area. On this aspect, 56 respondents found the cleanliness and housekeeping services to be average or okay. But a whooping 243, i.e. more than 60% of the respondents expressed their dissatisfaction with the cleanliness and housekeeping services provided in their room or even in the public areas of the hotel.

As it is evident from the Table 6.1 as well as from Figure 6.1 the majority of the respondents i.e. 221 replied that most of the guests were giving negative remarks in the GCCs about their satisfactions with the hotel employees. In the normal course of hotel business the top management people generally do not interfere into the day today operational affairs of the hotel but in exceptional circumstance, where the things have gone terribly wrong, the guest gets so furious that they want someone senior or a top management person to address their problem.
In such a situation, and with a view to maintain a high rate of clientele and not lose a customer forever, the top management people comes to the rescue.
and attend to the guest either in person on over the phone and tries to appease the customer.

Almost every hotel is maintaining the GCCs and it invariably contains a question about the overall satisfaction during the stay in the hotel. Out of 400, just 88 respondents revealed that their guests were fully satisfied on this count. Moreover, 103 respondents were having a opinion that overall customer satisfaction about their hotel was moderate but again majority of the respondents felt that most of their customers were not satisfied and recorded negative feedback in the GCCs.

We will now discuss about the level of customer satisfaction (Good, Average or Poor) directly affecting the level of Occupancy. As can be seen from Figure 6.2, on the next page, in the hotels, where the customer satisfaction with the product i.e. Hotel’s Ambience, Lobby, Room and other amenities was excellent, the occupancy level in such hotels was 86% as these hotels were able to retain their existing customers and attract more new customers. Where the customer satisfaction was found to be average, the Occupancy level goes a little bit down i.e. 81% but in the cases where the customers were not at all satisfied on this front, the level of occupancy was found to be as low as 68%, means these category of hotels were losing their existing client to other competitors.

Similarly, in the hotels where the customers found the Food and Beverage items to be delicious and at the same time affordable, the level of occupancy was found to be higher i.e. around 84%. The USP of these hotels was their Food and Beverage Services and that is the reason why their restaurants are thronged not only by the families for lunch or dinner, but also the employees of the companies located in nearby area queue up here especially during the lunch hours.
Figure 6.2  Level of Customer Satisfaction influencing Occupancy Level in Hotels

<table>
<thead>
<tr>
<th>Category</th>
<th>Excellent</th>
<th>Average</th>
<th>Poor / very poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Satisfaction with the product i.e. Hotel's Ambience, Lobby, Rooms &amp; Other Amenities</td>
<td>Occupancy</td>
<td>86%</td>
<td>81%</td>
</tr>
<tr>
<td>Customer Satisfied with Restaurants, Banquets &amp; F&amp;B Services</td>
<td>84%</td>
<td>77%</td>
<td>71%</td>
</tr>
<tr>
<td>Customer's satisfaction with cleanliness &amp; Housekeeping services</td>
<td>89%</td>
<td>78%</td>
<td>69%</td>
</tr>
<tr>
<td>Customer Satisfaction with employees Attitude &amp; Behaviour</td>
<td>87%</td>
<td>75%</td>
<td>65%</td>
</tr>
<tr>
<td>Top Management's involvement to ensure customer satisfaction</td>
<td>84%</td>
<td>69%</td>
<td>66%</td>
</tr>
<tr>
<td>Customer's Overall Satisfaction</td>
<td>89%</td>
<td>74%</td>
<td>67%</td>
</tr>
</tbody>
</table>
On the contrary, in the hotels where the rate of F&B items were average and the quality of food was also average, the level of occupancy was found a bit lower i.e. at 77%. But worst was the scenario where the F&B items were neither affordable nor good in taste, the level of occupancy was registered at the lowest i.e. 71%.

The hotels which are usually patronized by the corporate clients are located in Central Business Districts and their customer spend most of their times in the office only. But when they come back to the hotel, what they expect from the hotel is spick-n-span ambience and a neat and clean room. The shabby ambience and the stinking bathrooms totally puts them off and such things are recorded by most of the guest in the Guest Comments Cards (GCCs). The comments made by the guest in these cards are then summarized and evaluated by the respective departments.

Hence, based on the GCC reports and their personal experiences, the respondents replied to the further questions. In the hotels where customers were fully satisfied with these services, the level of occupancy was as high as 89%, where the customer satisfaction was at average, the level of occupancy was seen at 78% but where there was maximum dissatisfaction on this account, the level of occupancy went down to 69%.

In cases where the customers were fully satisfied with the attitude and behavior of the hotel staff, the level of occupancy was at 87%. Wherever, the satisfaction was average, the level of occupancy goes down to 75% but where most of the customers were dissatisfied the employees the level of occupancy was the lowest at 65%. Where the top management’s role in appeasing the customers is excellent, the level of occupancy was 84% but where the customers were moderately satisfied, the level of occupancy down to 69% and where there are no efforts from the top managements side to appease the customers, the level of occupancy has been found at the lowest i.e. 66%.
Figure 6.3 Satisfaction with Induction & Training Programs influencing Occupancy Level.

- Satisfied with Induction & Training Programs: 84.75%
- Not satisfied with Induction & Training Programs: 67.50%
Similarly, where the customers were fully satisfied on “Overall customer satisfaction” parameters, the level of occupancy was recorded the highest at 89%. But where the customers were moderately or averagely satisfied the level of occupancy went down to moderate 74%. But in the hotels, where there was no customer satisfaction at all, the level of occupancy was registered the lowest at 67%.

6.2 Induction & Training programs influencing the Occupancy in Budget Hotels

In this section we will discuss as to how the induction and training programs conducted by the hotel influences the occupancy level in that hotel. As can be seen from the item 1 of the Table 6.2, on the next page, the respondents were asked about their satisfaction with the Induction program at the time of their joining the current organization. Out of 400 respondents, 163 were fully satisfied with the induction set up, but majority 237 were not at all satisfied.

As revealed by the respondents that the Training Department in their hotel is just for the namesake. It was a small room of 10x12 feet with a white board on one of the wall. There is no provision of the project, hence, the audio-visual presentation had never happened. The head of the Training Departments is also not regular. In some of the hotels, this position usually remains vacant. Once the Head of this department resigns, then there had been noticed a gap of three to four month to fill in that vacancy.

Under the circumstances, the training sessions are not taking place for months together. The stop gap arrangements are made by calling external trainers but that was not a regular feature. In fact the trainings by external experts and trainers should take place in addition to the regular training sessions by the internal Head of the Training Department. The advantage of hiring their services is that the hotel employees get exposure to varieties of professionals who are specialized into training and are expert in their respective fields.
<table>
<thead>
<tr>
<th>SN</th>
<th>Description</th>
<th>Total Respondents</th>
<th>Yes Nos.</th>
<th>%</th>
<th>Occu. Nos.</th>
<th>%</th>
<th>No Nos.</th>
<th>%</th>
<th>Occu.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Satisfied with Induction at the time of joining the organization?</td>
<td>400</td>
<td>163</td>
<td>41%</td>
<td>237</td>
<td>59%</td>
<td>279</td>
<td>70%</td>
<td>65%</td>
</tr>
<tr>
<td>2</td>
<td>Your Hotel has a Full-fledged Training Department.?</td>
<td>400</td>
<td>121</td>
<td>30%</td>
<td>279</td>
<td>70%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>In-house Training is conducted every month?</td>
<td>400</td>
<td>84</td>
<td>21%</td>
<td>316</td>
<td>79%</td>
<td>279</td>
<td>70%</td>
<td>65%</td>
</tr>
<tr>
<td>4</td>
<td>In-house Training is conducted quarterly?</td>
<td>400</td>
<td>243</td>
<td>61%</td>
<td>157</td>
<td>39%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Trainings by External Experts / Trainers – every alternate month?</td>
<td>400</td>
<td>104</td>
<td>26%</td>
<td>296</td>
<td>74%</td>
<td>157</td>
<td>39%</td>
<td>69%</td>
</tr>
<tr>
<td>6</td>
<td>Trainings by External Experts / Trainers – thrice in a year?</td>
<td>400</td>
<td>216</td>
<td>54%</td>
<td>184</td>
<td>46%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Satisfied with Training &amp; development by External trainers?</td>
<td>400</td>
<td>164</td>
<td>41%</td>
<td>236</td>
<td>59%</td>
<td>279</td>
<td>70%</td>
<td>65%</td>
</tr>
<tr>
<td>8</td>
<td>All Operational Staff are regularly attending Training Programs ?</td>
<td>400</td>
<td>156</td>
<td>39%</td>
<td>244</td>
<td>61%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Average rate of Attrition in %</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>84.75%</td>
<td></td>
<td>67.50%</td>
</tr>
</tbody>
</table>
Anyways, let come to the next question, the respondents were further asked whether they received trainings from External Experts or Trainers at least every alternate month. Out of 400 respondents, a meager 104 (26%) replied affirmatively that yes, it was a regular feature in their hotel, but here also the majority of the respondents i.e. 296 respondents answered in “NO”. It means a majority of the hotels are not engaging the services of the external trainings for various reasons.

Moreover, it was also noticed that only 39% employees were attending the training program due to shortage of staff in the respective hotels. It has been discussed in the previous pages of this study that in the hotel industry, proper induction program for the newly recruited staff is a must. With a view to provide the seamless services to the hotel guests, the proper coordination among all operational departments is the key to the satisfaction of the guest. We will now see as to how the provision of this aspect directly affects the occupancy level in the hotel.

As can be seen from the Figure 6.4, on the next page, wherever the proper Induction program was conducted for the newly appointed employees, the level of occupancy in such organization was around 83%. On the contrary, where such induction programs were not organized by the employers the level of occupancy was seen at whooping 74%. Similarly, wherever the hotels had a full-fledged Training Departments, the level of occupancy was way below the average i.e. just 77% but the hotels not having a full-fledged Training department registered the level of occupancy at 65%.

Furthermore, in the hotels where the in-house trainings were conducted every month for the employees, the level of occupancy was 87% compared to the hotels with no such arrangement. In these hotels the level of occupancy went down to as low as 70%. There was, however, seen a little improvement where the training sessions were conducted quarterly. Here the level of occupancy was 81%.
### Figure 6.4 Induction & Training programs influencing the Occupancy Level in Budget Hotels

<table>
<thead>
<tr>
<th>Question</th>
<th>Satisfied</th>
<th>Not Satisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfied with Induction at the time of joining this organisation?</td>
<td>83%</td>
<td>74%</td>
</tr>
<tr>
<td>Your Hotel has a Full-fledged Training Deptt.?</td>
<td>77%</td>
<td>65%</td>
</tr>
<tr>
<td>Inhouse Training is conducted every month?</td>
<td>87%</td>
<td>70%</td>
</tr>
<tr>
<td>Inhouse Training is conducted quarterly?</td>
<td>81%</td>
<td>69%</td>
</tr>
<tr>
<td>Trainings by External Experts / Trainers is conducted every alternate month?</td>
<td>91%</td>
<td>71%</td>
</tr>
<tr>
<td>Trainings by External Experts / Trainers is conducted thrice in a year (every 4 months)?</td>
<td>85%</td>
<td>67%</td>
</tr>
<tr>
<td>Satisfied with Training &amp; Development Programs by External Experts / Trainers?</td>
<td>90%</td>
<td>61%</td>
</tr>
<tr>
<td>All Operational Staff are regularly attending the Training Programs?</td>
<td>84%</td>
<td>63%</td>
</tr>
</tbody>
</table>
In the hotel industry, the External Trainers are regularly invited to conduct the training sessions for their operational as well as non-operational (administrative) staff. Wherever, this phenomena was regular and every month, the level of occupancy was at 91%, otherwise it was noticed at 71% where this feature was not every month. Moreover, wherever, this phenomena was at an interval of every 4 months, the level of occupancy was at 85%, otherwise it was noticed at 67% where this feature was less than every 4 month.

As discussed earlier, it is not just the numbers, but the quality of training also matters. As evident from the figure 6.4 wherever the employees were satisfied with the quality of training facilities or programs in their hotel, the level of occupancy was at 90% against the 61% where the employees satisfaction level with such facilities was not up to the mark. This is because the regular and effective training facilities and programs in an organization make the employee capable of handling the guests in a much professional way. The regular trainings apprise the employees of the ever changing expectations of their corporate clients. Professional trainers are the specialized in their respective field who give their heart and soul to their profession. They keep studying and analyzing the researches being carried out in their subjects and filed, therefore, are more updated and well informed about the expectations of the hotel clients.

They are better equipped to suggest the ways and means to satisfy the needs and expectations of the clients. Therefore, the investment done in training and development of the employees of the hotel does not go waste. It helps in adding to the delight of the guest and retention of the cliental.

Moreover, it is not enough just to organize training programs. Immediate Supervisors must spare their staff from the regular duties that’s too on time. It has been generally noticed that training programs are though, organized but all of those employees who were asked to attend the training programs are not attending it for operational reasons. As we have been discussing from the very beginning of this study, that there is a high rate of employee attrition in
the hotel industry, hence, every department, especially the operational departments, usually have some vacancies. Therefore, there is already a shortage of staff in almost every department. Moreover, it is also not uncommon that operational staff are suddenly reporting on leave. Nowadays, if an employee is having a problem at home, he need not to send the application through their colleague or someone else. An email or even a WhatsApp message to his Supervisor is enough. He can, however, submit the leave application on resumption of his duty the next or the following day. Let us come to the point now. On the one hand there are vacancies in almost every department, employees are also suddenly reporting and on top of it the Training Department also insisting other Heads of the Departments to spare their staff for the training programs make the situation all the more difficult.

Anyways, as seen from the Figure-6.4, on the previous pages, wherever the training sessions were regularly attended by the staff, the level of occupancy was around 84%. It means the well trained staff were more equipped with the knowledge and skill to satisfy and retain their guest in a better way. On the other hand, the level of occupancy was registered at 63% where the trainings sessions were though taking place at regular interval but staff were not able to attend due to shortage of operational staff. To conclude this section, it is not enough to organize training sessions either by internal trainers or by the external experts.

The management has to ensure that maximum of the operational staff are regularly attending these Training Sessions. But the ground reality is different especially in the budget hotels. On the one hand there is always shortage of staff on account of high rate of attrition and on the other hand operational staff suddenly reports on leave without giving any prior intimation, hence, the staff on duty has to continue with the next shift in absence of his or her reliever.

6.3 Location of the Hotel influencing Occupancy Level in a Hotel

In this section we will discuss as to how the location of a hotel influences the level of occupancy in a hotel. Location of the hotel is a key to the success in
the hotel industry and any hotel located close to the Airport or in the Central Business Districts or even in the Lush greenery or on the sea beach, naturally attracts corporate as well as leisure travelers. They were further asked, if their hotel was located close to the Domestic or International Airport in Mumbai. Out of 400 respondents, just 116 (29%) answered in yes and remaining 284 (71%) in “NO”. In both the cases, where the answer was in affirmation, the occupancy level was found to be on higher side.

A hotel attracts more guests where the sources of transport are easily available. This is evident from the fact that after the launch of Metro-I in Mumbai, the occupancy in hotels located on Andheri-Kurla has gone up. Before the commencement of the Metro-I train service, there used to be a huge traffic jam between Western Express Highway and Sakinaka Junction, especially during the peak hours. A small stretch of around 3 – 4 Kilometers used to take 30 minutes to 45 minutes during the morning and evening peak hours. The same distance is now covered by Metro-I in 6 to 8 minutes.

As majority of the commuters have started using Metro, the vehicular traffic flow on the same stretch has become faster. This means, that majority of the hotels are located at a place where the means of transportation are easily available.

It is a well known fact that lower employee attrition in any organization, especially the hotels, boosts the occupancy level therefore plays a very significant role in increasing the occupancy as well as the revenues of the hotel. The occupancy level in those hotels located in the areas like Bandra Kurla Complex, Nariman Point, Andheri East, Hiranandani Powai, Andheri West, Worli etc because these areas are the main business hubs. As can be seen from the Figure 6.5, on the next page, wherever the hotel was located in the main Business District, the level of occupancy 87% otherwise it was 65%. The distance between the Airport and the location of hotel also determines the level of occupancy in the busy metro cities.
<table>
<thead>
<tr>
<th>SN</th>
<th>Description</th>
<th>Total Respondents</th>
<th>Response in Affirmation</th>
<th>Response in Negative</th>
<th>Occupancy %</th>
<th>Occupancy %</th>
<th>Occupancy %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Nos.</td>
<td>%</td>
<td>Nos.</td>
<td>%</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Your Hotel is located in the main Business District ?</td>
<td>400</td>
<td>220</td>
<td>55%</td>
<td>180</td>
<td>45%</td>
<td>65%</td>
</tr>
<tr>
<td>2</td>
<td>Your Hotel is located close to the Domestic/Intl. Airport(s)?</td>
<td>400</td>
<td>116</td>
<td>29%</td>
<td>284</td>
<td>71%</td>
<td>67%</td>
</tr>
<tr>
<td>3</td>
<td>Sources of Transport are easily available for your Hotel?</td>
<td>400</td>
<td>260</td>
<td>65%</td>
<td>140</td>
<td>35%</td>
<td>66%</td>
</tr>
<tr>
<td>4</td>
<td>Your Hotel is located on/near sea-shore ?</td>
<td>400</td>
<td>40</td>
<td>10%</td>
<td>360</td>
<td>90%</td>
<td>64%</td>
</tr>
<tr>
<td>5</td>
<td>Hotel provides free Airport transport to the Guests ?</td>
<td>400</td>
<td>240</td>
<td>60%</td>
<td>160</td>
<td>40%</td>
<td>68%</td>
</tr>
<tr>
<td>6</td>
<td>Enough means of Transport are available for employees to commute?</td>
<td>400</td>
<td>301</td>
<td>75%</td>
<td>99</td>
<td>25%</td>
<td>69%</td>
</tr>
<tr>
<td>7</td>
<td>Your Hotel provides Free Transportation to Employees?</td>
<td>400</td>
<td>40</td>
<td>10%</td>
<td>360</td>
<td>90%</td>
<td>65%</td>
</tr>
<tr>
<td>8</td>
<td>Is your Hotel located close to your Residence?</td>
<td>400</td>
<td>60</td>
<td>15%</td>
<td>340</td>
<td>85%</td>
<td>63%</td>
</tr>
</tbody>
</table>

Average Occupancy in %

|                   |                   | 85% | 66% |

*Table 6.3 Location of the Hotel influencing Occupancy Level in a Hotel.*
During the peak-hours, the traffic moves so slowly that in the morning, if one is traveling by car, it takes him two to three hours to cover a distance of just 30 kilometers. The similar scenario can be seen during the evening peak-hours. Thus, if a person stays at Borivali and works in a company located at Churchgate or at Nariman point, on an average he spends 4 to 6 hours in traveling, especially by road.

Mumbai is the commercial capital of India and 70% to 80% of the hotel business here depends upon the corporate clients. The location of the hotel plays an important role here. From the time the Metro rail from Versova to Ghatkopar has become operational, the occupancy in the hotels located on Andheri-Kurla road has gone up 5% to 10%. Metro being the cheap and fastest mode of transportation, guess prefer to stay in these hotels.

Moreover, Mumbai being the Head Office of many companies, people keep coming to this city on official duties from various parts of the country. Hence, similar is the situation for them. Due to the heavy vehicular traffic during the peak hours, they have to spend hours together in the vehicle for commuting from Airport to the Office or Hotel and back. People therefore prefer to stay in the hotels located close to the Airport. Hence, in case of the hotel is located near the Airport then the level of occupancy was found to be on higher side i.e. 86%, compared to those located away from the Airport. Such hotels located away from the Airport had an average occupancy level of 76%.

The round-the-clock availability of the means of transport from and to the hotel also influences a customer decision while choosing the hotel. In the city like Mumbai, where there is no concept of office timings and people stay back in the office by late hours at night If the hotel is located in such an area where the means of transport available round-the-close, the outstation guests have the freedom of leaving office at any point of time, especially during night hours. Hence, in case the hotels were located at a place where means of transport were easily available, the level of occupancy was found to be at higher side i.e. 84% which was above the average.
Figure 6.5 Location of the Hotel influencing Occupancy Level in a Hotel

- Hotel located in main Business District?
  - YES: 87%
  - NO: 65%

- Hotel located close to the Airport?
  - YES: 86%
  - NO: 67%

- Sources of Transport easily available for Hotel
  - YES: 84%
  - NO: 66%

- Hotel located on sea-shore
  - YES: 86%
  - NO: 64%

- Free Airport Transfers to the Guest by Hotel
  - YES: 85%
  - NO: 68%

- Easy Transport available for the Employees
  - YES: 87%
  - NO: 69%

- Free Transport to the Employee / staff Bus
  - YES: 83%
  - NO: 65%

- Hotel is close to your Residence
  - YES: 84%
  - NO: 63%
Apart from being the busy corporate hub, Mumbai equally attracts the leisure travelers from all over the world. Compared to business travelers, the leisure travelers, usually coming in a group, either with their family or friends prefer to stay in a hotel located on seaside. Even the domestic leisure travelers who hail from the land-locked places found to be crazy about the sea and make it a point to stay close to the sea. It was therefore noticed that if the hotel was located near sea, level of occupancy was found to be on higher side i.e. 84%. In case the hotel was located neither close to the sea nor near the business district, the occupancy was found to be around 66%. Beachside hotels have their own charm and they attract not only the corporate clients but also the leisure tourists. Wherever the hotels were providing transport to their guests, they register high rate of occupancy, revenue and in turn profits.

It is not the case with Mumbai but when it comes to the Bangalore where the Airport is situated 40 to 50 kilometers away from the main Business District, the local travelling from the Airport to the office alone cost a lot. Moreover, when it comes to commuting between the Airport and the office, and that’s too, at night or especially during the odd hours, it is not just the money but the expectation of the safety considerations and comfort level with the hotel vehicle, leads to the decision making of a traveler while he does the hotel booking. Such hotels were also able to retain their staff for a longer period, hence, the level of occupancy was found to be on the higher side i.e. 85% in such hotels. In other cases, it was much lower i.e. 68%. So far we have discussed the advantages of the location of the hotel form the customer’s or guest’s point of view. We will now discuss the incentives available to the staff with regards to the location of the hotel.

The easy availability of transport for commuting to the hotel equally attract the employees. The commencement of Metro-I has very well proved this point. Earlier, the Andheri-Kurla-Road was the one of the busiest road during the peak hours and the small stretch between Sakinaka to Western Express highway used to take 30 – 45 minutes by road. By metro rail, this distance is covered in just five minutes. The hotels located on Andheri Kurla Road now
attracts more and more employees as metro rail has connected this area with Central and Western Suburbs.

To sum up, wherever there are means of transportation available for the employees to commute between their place of work i.e. the hotel and their residence, the level of occupancy was higher at 87% otherwise it was found to be as low as 69%. There are a few hotels providing free transportation to their employees, especially to the women employees doing night shifts and odd-hours duties. Wherever such provisions were available, the level of occupancy was as high as 83%, otherwise lower at 65%, if such facilities were not in place. It means that stability and satisfaction among the employee brings about positive results and they are more capable to create loyal and repeat customers. Last but not the least, staying close to the workplace is a bonanza in a city like Mumbai where the commutation from residence to the workplace by local trains claims 8 – 10 lives per day. Not just with the hotel Industry, it is true with any other industry that wherever the means of local transport available for the commutation of its staff, the rate of attrition goes down.

A hotel guest always prefer to see the familiar faces at the time of check-in and during his stay in the hotel. They develop a kind of connect or personal rapport with the operational staff and even if the hotel is lacking in other fronts, a warm welcome by the staff and continuous pampering leads them to come again and again and stay here. He himself not only becomes the repeat customer, but also becomes the unofficial brand ambassador of the property through mouth publicity

In cases where the hotel was located near their place of stay, the level of occupancy was as high as 84% against the lower occupancy of 63%, in other cases. Although there is no direct relation between the two but such a situation brings about the stability among hotel staff. A seasoned staff working with the same hotel starts knowing it inside out and in gradually becomes an asset for it. He then uses his skills to retain and create more and more customers and thus helps increasing the occupancy level.
6.4 Other factors influencing the Occupancy Level in Budget Hotels in Mumbai

In the previous paragraphs we have discussed how the level of Customer Satisfaction influences the level of occupancy in hotels in Mumbai. We have also discussed as to how the quality and quantum of induction and training programs directly or indirectly affect the level of occupancy in the hotels. As the location of the hotel plays a major role in boosting the occupancy level in the hotel, we have already discussed that aspect too in the previous paragraphs. In this section we will discuss as to how the other miscellaneous factors influence the occupancy level in budget hotels in Mumbai region.

As can be seen from the item No. 1 of Table 6.4, and also from Figure 6.6, on the next page, out of 400 respondents, 263 (66%) respondents replied that their Hotel was a single property and was not a Group of Hotels neither their owners have any plan for expansion. However, remaining 137 (34%) respondents replied in affirmative. This reveals that majority of the Budget Hotels in Mumbai region are a single property business. The single property hotels are usually at disadvantages in many ways. On the only hand they cannot take the advantage of the economies of scale what their counterparts with a group of hotels enjoy. Their operational cost is high as their purchases are on small scale. Moreover, they cannot afford the cost of Regional Offices, usually opened by the group of hotels to generate bookings.

The respondents were further asked if their management follows the hire-and-fire policy. On this 208 (52%) of the respondents replied in “Yes” but remaining 192 (48%) replied in “NO”. It is evident from the response of the respondents that a majority of the hotelier in this category have adopted hire and fire policy. Apparently, and in short run it may seem to be beneficial to an employer, but in long run, it is not good from different point of views. It not only results in to high rate of attrition but also creates a sense of insecurity among employees.
<table>
<thead>
<tr>
<th>SN</th>
<th>Description</th>
<th>YES</th>
<th></th>
<th>NO</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Responder</td>
<td>% Occupancy</td>
<td>Responder</td>
<td>% Occupancy</td>
</tr>
<tr>
<td>1</td>
<td>Is your Hotel a Single Property, not a Group of hotels or not having any expansion plan?</td>
<td>263</td>
<td>66%</td>
<td>137</td>
<td>34%</td>
</tr>
<tr>
<td>2</td>
<td>Your Management follow hire &amp; fire Policy? (you are not treated as Precious Human Asset)</td>
<td>208</td>
<td>52%</td>
<td>192</td>
<td>48%</td>
</tr>
<tr>
<td>3</td>
<td>Did you feel lack of self-esteem While working with your previous Employer</td>
<td>228</td>
<td>57%</td>
<td>172</td>
<td>43%</td>
</tr>
<tr>
<td>4</td>
<td>Is there a lac of Motivation from Immediate Supervisor or your Management?</td>
<td>236</td>
<td>59%</td>
<td>164</td>
<td>41%</td>
</tr>
<tr>
<td></td>
<td><strong>Average Occupancy in %</strong></td>
<td></td>
<td>66%</td>
<td></td>
<td>83%</td>
</tr>
</tbody>
</table>
Figure 6.6 Other factors influencing the Occupancy Level in Budget Hotels in Mumbai

- Is your Hotel a Single Property (Not a Group of Hotel or having no expansion plan?)
  - Yes: 66%
  - No: 83%

- Did you feel lack of self-esteem while working with previous employer?
  - Yes: 65%
  - No: 84%

- Is there a lack of Motivation from your Superiors or Management?
  - Yes: 67%
  - No: Occupancy = 81%

- Your Management follow hire & fire Policy? (You are not treated as precious assets?)
  - Yes: 62%
  - No: 79%
The operational cost of the organization goes up as money spent on recruitment, selection process and training of the staff goes waste. Then again the hotel has to spend a lot on the selection of new employees. Moreover, when attrition is high in an organization, the retention cost also goes up. The organization has to hike the salaries of the existing staff with a view to retain them. At times, even the repeated increase in the salaries does not work and the employees still keep quitting.

The respondents were asked another question, if they felt lack of self-esteem while working with the previous organization. On this a majority, 228, i.e., 57% of the respondents answered in affirmation and remaining 172 (43%) in negation. The lack of self-esteem among employees creates inferiority complex and psychological problem. They find a lack of confidence in themselves to interact with the hotel guests and handle the difficult situation. The guests may ignore it once or twice, but in case the same mistakes are repeated again and again then they also lose the confidence about the quality of services at such hotels and do not hesitate to switchover to some other hotel promising better and professional services.

The respondents were asked another question i.e., “Is there a lack of Motivation from your Supervisor or Management?” Out of 400 respondents, around 236 (59%) believed that there was no motivation from their superior where as 164 (41%) replied and agreed that employers are very good and they keep motivating them from time to time. Motivation from the immediate supervisor or middle / top management costs nothing but does wonder when it comes to the performance of the employer. An employee gets puffed up when his boss pats his back for any good job done. A motivated staff performs well and can well handle and please the guest compared to a dejected one. Motivation creates an emotional bonding and ensures a senses of security and stability among staff. An employee starts feeling that his boss is always appreciative about him and would ensure his well being in all respects and under any circumstances. He even starts thinking about the long term association in the sense that even if the boss leaves this
organization, at least would take him along wherever he goes. This gives him a sense of job security non only in

6.5 Affiliation to a bigger chain of hotel and level of occupancy

When we talk of the single Property Hotel business, there were either real estate Investors or those from restaurants. Rahejas are the classical example of first category of people. They were basically the builders or investors in the real estate. All three brothers – Gopal Rajeja, Chandrau Rajeja and Kishore Rajeja began with their Hotel Business with The Retreat, Mad Island, The Resort at Aksa Beah and The Residence at Powai respectively. They started hotel business as a single property owner and continued to operate for years without affiliation to any well established international of Indian hotel chains.

Moreover, exposure to the world market or customers and the recognition associated with it was another advantage. In older days, the booking could be done by calling a single toll free call center number and now through online booking. Now the big chain of hotels have moved a step further, they have launched their own mobile Apps making online hotel booking much easier.

6.5.1 Advantage of being part of bigger chain of hotel

As it is evident from the Figure 6.7, on the previous page, the level of occupancy in hotels having franchise arrangement with bigger chain of hotels is always high. Keeping in view the advantages attached, the majority of the international hotel chains entered Indian hospitality business through franchises management contracts. They have been able not only to make an inroads in the Indian hospitality arena but also have established themselves in a very convincing manner. They gradually expanded their business to the extent that today they are targeting almost every segment here. Almost all foreign chain of hotels have come up or are planning to come up with Budget hotels or Mid segment hotels.
Figure 6.7 Franchise Management influencing the Occupancy Level In the Hotel

Single property with no Franchise & Avg. Occupancy level

Average Occupancy 66%

Group of Hotels with Franchise & Avg. Occupancy level

Average Occupancy 83%
However, recently the NDA government has announced a number of packages to give a boost to the hospitality and tourism in India. After the launch of e-visa for the maximum number of countries by the NDA government in India and also due to devaluation of rupee against USD, there has again been a surge in the number of foreign tourists.

6.6 Aggressive marketing and the level of occupancy

In present day hotel business one cannot totally depend upon the walk-in customers or guest to survive in the fierce competition. There is no denial to the fact that walk-in guest contribute a lot to the overall revenues of a hotel but it cannot even bring the hotel business to recover the huge monthly cost of operational activities. Moreover, in case of bulk or retail requirement, the corporate client at the most will send you a mailer about his requirement. But you are not a monopoly hotel. There are four other hotels in your vicinity to compete with you and that similar mailer was sent to them also.

Hence, the hotel which is not having an aggressive marketing team, is bound to lose that business. However, established or great your hotel is, or however closer to the client your property is located, but you can’t take the business from that client for granted because the client is having a number of choices today. You are into service industry and what is more important is the service and that’s too at the doorstep of the client.

Moreover, even if there is no business from a particular company, you need to first apprise them about your existence and then have to keep updating them about the new products or services you have introduced. Innovation in product and services is one of the major factors in enhancing the hotel business these days. Hence, a marketing person not only need to be vigilant about what is happening around the world in the hotel industry to serve their clients in the best possible ways but also have to communicate about the new concepts & ideas to their existing or prospective clients. The hotels which are having a proactive marketing team always have an edge over their
counterparts who over confident of getting the walk-in business without putting in too much of efforts.

A marketing person needs to keep himself updating about the new trends and concepts of services in the industry. Every hotel has one or another USP and the smarter is the marketing personnel who capitalizes the most upon his hotel’s USP. Moreover, he must be aware of the strength and weaknesses of the competitors as well. Though it is not ethical to criticize any individual or institution, but with a view to crack a deal, a marketing personal at time, has to resort to such tactics and has to point out at his competitor’s weaknesses and highlight his own strengths while presenting his case.

6.6.1 Stay in touch even with the dormant clients

Apart from maintaining good business relationship with your client, it is equally important and fruitful to develop a personal rapport. That is not possible by just talking about the business alone every time you meet them of happen to talk over the phone. Hence, while meeting the client in person, it is a good idea to discuss about the family, the children or the parents. Food cost in big hotels is around 25% of the menu rates. Hence, sometimes inviting them with family for lunch or dinner also helps in developing the personal rapport. Moreover, sending season’s greetings, wishing them on their birthdays or even, picking up the phone and calling them just to ask about the well being of their children are also some of the ways a marketing person can adopt to be in touch with his client.

As can be seen from the Figure 6.8, on the next page, in the hotels where the management had resorted to the aggressive marketing strategies and practices the average occupancy level was at around 80%. When a hotel adopted such strategies, the sales team does not follow any timing-concept or office-hours concept. 24x7 they are on the job. If the client calls them in the late evening or even on holidays to explain about their conference requirements, the sales personnel has to attend to the client.
Figure 6.8  Aggressive Marketing and provision of RSOs influencing Occupancy Level

Dependence on Walk-ins & Travel Agencies

Average Occupancy 60%  

Aggressive Marketing & Countrywide/Fgn. Booking offices

Average Occupancy 80%
When the client is really having potential and known for his extravaganza conferences and seminars, the marketing personal should always go in a team so as to come forward with the different options and suggestions from all the team members. If one person is busy discussing the minutes details with the clients, the others should be in constant touch with the hotel’s staff and keep taking the stock of the availability of the number of rooms and or the conferences halls etc. The utterances like “Will revert back tomorrow or later” should be avoided and the queries of the clients should be answered then and there itself.

As stated earlier, you are not a monopolist and there are others waiting outside for their turn to give presentation about their hotel. Concluding the meeting with some loose ends may end up in losing the opportunity itself forever. Furthermore, once you have cracked the deal, then there is a big challenge of delivering everything you have committed. In a cut throat and fierce competition today, one cannot take a chance even after closing the deal. You need to be continuously in touch with the client to avoid any last minute shock as other players may still offer a better deal and spoil your broth. Moreover, on the day of the function, the concerned marketing team has to be around the guests and ensure that they are not only delivering their omise but also going an extra mile to add to the delight of their esteemed guests and their invitees.

6.6.2 Regional Sales offices to boost the occupancy

The provision of Regional Sales Offices, in major metro cities, is also a very effective tool to increase the occupancy. Though it involves certain costs, but the dividends received in the form of increased revenue and branding of the hotel(s) are much higher than the cost itself. The sales staff of these Regional Offices can directly be in touch with the clients. They can pay a personal visit to the clients located away from the property, which is otherwise not possible. Availability of regional offices increases the trust and comfort level among the clients and in long run helps in creation of brand loyalty. Clients knows that in case of any problem, they can catch hold of the staff sitting next door in their
own city. Hotel can also extend credit facilities keeping in mind the fact that their RSO would follow up for the payment etc.

6.7 Management’s attitude towards their employees affects Occupancy

In a service industry like hotel business, the employees are the most important human assets at the disposal of the employer which can either make or mar the entire business. If the employees are well paid and treated as precious human assets, regularly motivated to perform well and appreciated for their good deeds, the hotel business flourishes beyond any doubt. On the contrary, if management is just bothered about increasing the monthly and yearly revenue or profitability, and the employees are exploited and treated like one of the other resources available at hotelier’s disposal, then it soon results into a doom. In such a situation the employees also reciprocate in the same manner.

As can be seen from the Figure 6.9, on the next page, in the hotels where management treated their employees as precious human assets, the occupancy level of higher i.e. 79%. It is the law of the nature that when an employer attach his sentiments with the employees and treat them like an asset, whatever ups and down comes in an organization, that employee stays with them and no sooner than later a day comes when he proves to be an asset for the organization.

The good treatment at the hands of his employer gives him a hope for the good days ahead. But on the contrary, in the hotel where the management followed hire-and-fire policy and treated their employee like any other material resources at their disposal, later or sooner the miseries follow in the organization and one day he lands him in a situation where there is no one to hold his hand. The immediate negative outcome of such a behavior, however, reflects into the lower occupancy level. When you start firing employees on flimsy grounds, there is a lack of belongingness of the employees with the organization.
Figure 6.9 Management’s attitude towards their employees affecting the Occupancy Level

Where Management follow hire & fire Policy

Average Occupancy 62%

Workers are treated as precious humane assets

Average Occupancy 79%
The employees rather live in an atmosphere and sense of fear, uncertainty and insecurity. In such a situation even the most talented worker and good performers start switching over to other hotels leading to higher rate of attrition. Once the talented and seasoned workers have left the hotel, the novice and untrained staff find it difficult to handle the situation in case of a crisis. Professional corporate guests start feeling the absence of seamless and efficient services and start searching of some new place for their stay and official meetings. In the worst scenario, sometimes the outgoing talented Manager or Supervisor either exits with most of the team under him or there is a gradual exodus of down the line staff. Since, these down the line staff have worked under this Manager or Supervisor, feel more comfortable working under him, hence, they themselves start requesting him to find an opportunity for them. Moreover, as the corporate clients also these days exchange their mobile numbers with the Managers and Supervisors of the hotel, they obviously call up them to inform about their next visit. When these corporate clients too suddenly come to know about their exit, even their loyalty towards the hotel is shaken. At this moment, if that Manager or Supervisor is able to convince these corporate clients, even they switch over to the hotel these Managers or Supervisors have joined. This trend ultimately results into the lower rate of occupancy level in the hotel.

Hotel being purely a service industry, the services rendered by the employees are the key to the success. A happy employee creates satisfied customers who in turn become repeat and loyal customers. They not only become the source of increased revenue and profits but also become the unofficial brand ambassadors of the hotel and promote it among their friends, relatives and even office colleagues. A hotelier or the hotel management has to always bear in mind that his employees are treated with dignity, their grievances, if any, are addressed quickly and permanently.

In fact there is a concept of gold collared workers explained by Mr. M. Gupta talks about the need of taking extra care of the human assets. We had so far heard of the grey collared workers and white collared workers but Mr. Gupta explains that in service industry, especially in hotel industry, the employees
should be considered to be the gold collared workers as they are the ones who can help increasing the revenues and profitability of the organization.

6.8 Summary

As could be seen from the previous paragraphs, the customer satisfaction was the key to the level of occupancy in hotels in general and particularly in budget hotels located in Mumbai. Customer satisfaction had a directly related to the level of occupancy i.e. when customer satisfaction rises and occupancy level in the hotel also increases.

Secondly, we discussed as to how the proper induction and training facilities helps in increasing the occupancy level in the hotel. Proper conduction of induction and training programs makes the employee adaptable to the culture and functioning of the organization and boosts his confidence level so as to enable him to handle the guests in a far better and polished manner.

Thirdly, we also threw lights on the location of the hotel or as to how the location of a hotel influences the occupancy of the hotel. Hotels located near the Airport, Central Business Districts, commercial hubs attracts corporate clients. Similarly, the hotels located on the beachside or other prominent tourist placed are expected to attract leisure tourists and do better business than their counterparts located elsewhere.

We then discussed, the other factors affecting the occupancy level in a hotel. Among these factors were, affiliation to a bigger chain of hotel or franchise management arrangement and its impact on the occupancy level. Another factor was the aggressive marketing. It makes a sea of difference if a professional marketing team of the hotel is aggressively involved into the sales, promotion and business development of the hotel than those leaving to the destiny and depending upon the walk-in customers.

Of course there are certain hotels which are not only dependent upon the walk-in customers but also capitalizing upon them. These are the hotel
located either at the International or Domestic Airport or the hotels located on the beach side. Leisure travelers, especially nailing from the land locked locations of Northern India are more inclined to stay in the hotels located on Juhu beach. Finally, we discussed as to how the management’s attitude towards its employee influences the attrition rate and in turn the occupancy level in the hotel. Hire and fire policy of the management has direct bearing on the employee attrition level.