CHAPTER-2
LITERATURE REVIEW

This chapter details out the reviews of various researches done in the field of Hospitality Industry. The researches done, have investigated the problems related with, Customer’s Satisfaction and Loyalty, their Perception and Expectations, Customer Relationship Management, Growth and Future trends of Tourism/Hospitality Industry, and Service Quality of Hospitality Industry. This chapter provides the basis for finding out the gaps in previous researches and in designing the conceptual framework. This chapter has been divided into six sections. Section 2.1 reviewed studies related to growth of Tourism/Hospitality Industry. Section 2.2 reviewed studies related to customer’s perception/expectations. Section 2.3 reviewed studies related to customer satisfaction and loyalty. Section 2.4 reviewed studies related to Customer Relationship Management. Section 2.5 reviewed studies related to service quality and customer value creation in Hospitality Industry and Section 2.6 reviewed studies related to future trends in Hospitality Industry.

2.1. Studies related to Growth of Tourism/Hospitality Industry
Chand Mohinder and Kamra Krishan K. (2004) in their book “Basics of Tourism Theory, Operation and Practices” explored many interrelated parameters of Hospitality and Tourism Industry. The book explained the origin and development of Hospitality and Tourism industry and also discussed the future prospects of it. It has also highlighted the factors those affected the psychology of tourists. The author further examined various qualitative characteristics required for the tourist’s products. They analyzed the demand and supply of tourism products with regards to changing global market. Both primary and secondary data were used, and the statistical tools like Regression, Variance, and Trend analysis were applied for data analysis. Book also highlighted the environmental aspects of tourism. The author necessitated the importance of service quality and laid stress that training and development is necessary to develop this sector. The authors concluded that Hospitality industry is
growing at a great pace and the government should consider the need for training and development.

**Fyall Alan and Wanhill Stephen (2005)**, in their research paper “Tourism-Principals and Practices” advocated that the main responsibility of a travel agent is to provide the Hospitality and Tourism services to the people. Travel Agents make a tie-up with suppliers and organizations, and do the business on behalf of them. Agents may sell various Tour and Travel related services those may include the services like booking tickets, and arranging the trips or doing a foreign exchange. Where an agent has no wholesaling function he will not share the risk of tour production by holding stock, it was suggested that the agent’s main concern should be the choice of location to ensure ready availability of the principal’s products in the market place. On the other hand, the role of the Tour operator / wholesaler was expressed by Fyall and Wanhill as executing a process of combining aircraft seats and beds in Hotels (or other forms of accommodation) in a manner that would make the purchase price attractive to potential holiday makers. Research revealed that most of the players in entrepreneurship belong to the tourism business intermediaries. Thus many wholesalers, retailers and handling agents in the travel agency trade were entrepreneurs in Bangalore as well as anywhere else. Thus there was ample scope to explore secondary data on travel agency business during the post liberalization period in India and in Bangalore. Study was directed to take primary data in Bangalore belonging to the travel intermediaries' fraternity who were considered to be entrepreneurs. It was interesting exercise to investigate whether the conceptual factors existed in the concerns? Whether the operations of these entrepreneuring intermediaries projected any new trend? Moreover the work of classifying and documenting all these travel agencies were essential as they largely belonged to the unorganized sector. The study will facilitate the organizations to make effective strategies to do the business with travel agents, and further may help travel agents to smoothen their businesses.

**Biju M.R. (2006)** in his book “Sustainable Dimensions of Tourism Management” highlighted Tourism and Hospitality Industry aspects. The opening chapters of book analyzed and studied the evolution of Tourism sector in Kerala (India) from regional, national and global perspective. The second part studied the recent issues in tourism
like strategic management, service quality, personalization, natural environment and impact of terrorism in Tourism Industry. The concluding part presented a few micro level studies from experimental perspectives. They focused upon the commercial viability of tourism which depends upon scientific product planning and development of attractive tourism products, for this the skilled manpower is required. Different statistical methods like Correlation, Karl Pearson’s coefficient; Regression, etc. were used for analyzing the data. The author concluded that in Kerala, tourism is recognized as an important sector for the development on account of its potential for generating income and employment. The study will help Hospitality and Tourism organizations to chalk out appropriate strategies to develop their organizations.

**Sharma Sunil (2007)** in his book titled “Planning and Development of Tourism and Hospitality” gave a descriptive overview of various problems those prevails in Hospitality and Tourism Industry. These issues were related with planning and development in Hospitality industry. For the study author used both types of data i.e. primary and secondary. Statistical methods like moving average, ratios, etc. were applied for analyzing the data. It attempted to comprehend on the basis of information’s collected about sustainability, cooperative planning, strategic infrastructure planning and forecasting, implication of advanced information technology and development of Tourism and Hospitality enterprises, etc. are described in detail. It analyzed the importance of E-business in Tourism and Hospitality Industry. The study concluded that the tourism has a great contribution in the GDP of number of developing countries and provides wide range of opportunities in Hospitality sector, which explores the different career path for Hotel Management graduates.

**Ball Stephen et al (2007)** in their book titled “Contemporary Hospitality and Tourism”, mentioned about the growth and development of Indian Hotel sector. The book identified and studied the main sectors of Hospitality Industry. The book included the studies of Hotels of India and China. The authors highlighted that the growth of this industry is basically based on information’s. They emphasized that information’s accessibility is most important for growth of Hotel industry because it helped the managers in efficient and effective decision making. Authors have taken data from academicians and professionals; besides this they have given number of
case studies those made content of this book easy and understandable. Authors further argued that Indian Hospitality industry is growing very well because of the increasing GDP of the country and the measure taken by the government for boosting this industry. They also stressed on the significance of Hospitality Industry in generating employment in the country.

2.2. Studies related to Customers Perceptions/Expectations

Roger J. Challan and Gabrielle Kyndt (2001) in their research paper Business Travelers’ Perception of Service Quality: “A Prefatory Study of Two European City Centre Hotels” had studied the level of satisfaction of customers for different attributes of Hotel industry. The study was made with respect to the different categories of customers of Hotel industry. Author did an extensive literature review on the various attributes of Hotel industry those influenced the behavior of consumers. The first study was done to find out the level of satisfaction of business travelers towards the attributes of Hotel. The author has taken the help of other studies like studies made by Callan (1996), and selected two international five star Hotels for his study. One hotel was selected from Manchester and other from Brussels. Studies concluded by identifying the attributes playing a significant role in the satisfaction of Hotel customers. These attributes were 1. Security (94%), 2. Reliability in reservation (89.2%), 3. Quietness of rooms (87.3%), 4. Physical condition of the Hotel (83.2%), 5. location (80.2%). Study concluded that security was considered the most important attribute for customer satisfaction, followed by reservation, then reliability and so on. The findings of study will help managers to explore the gaps and to assess the expectations and perception of customers towards the services of Hotel industry.

Alex M. Susskind (2002) in his research paper “I told you so- customer’s word of mouth” investigated the influence of services failures and services-recovery strategies effectively on the satisfaction and retention of customers in Hotel Industry. The study found out the influence of word of mouth communication regarding services failures and service recovery efforts of organizations. The author found that consumers evaluated the quality of services not as a whole; rather they evaluated the Hospitality Services in parts or different components e.g. quality of food, quality of ambience, service quality, physical evidences etc. After evaluating Hospitality services on the
basis of these components they form an opinion for each individual component. It was revealed that word of mouth influences the decision making of other customers, may be positively or negatively. Positive word of mouth came out of the satisfied customers and negative from a dissatisfied customer, it was further found that customers spread their dissatisfaction with word of mouth more than satisfied customers.

The study also investigated about the affectivity of complaint handling with respect to the seriousness of complaints. It was revealed that minor service failures needed smaller corrections, but on the other hand serious complaints can be sorted out with strategies of providing discounts, coupons, or offering free stays. Study further explored that complaints corrections influenced the consumer’s perception regarding services positively, but non-handling of complaints damaged the positive image of services and service provider. It was concluded that unhandled complaints increased the dissatisfaction of customer’s manifolds. The level of service failure corrections was found to be directly proportional to the level of satisfaction of customers.

Hospitality organizations has understood that if they will overcome the resistance from customers and will effectively use word of mouth for promoting their products and services, then they can do the business profitably for a longer period. The study will explore the strategies to overcome customer resistance and to make word-of-mouth an important tool for marketing.

Namasivayam Karthik and Hinkin Timothy R. (2003) in their research paper “The Customer’s Role in the Service Encounter: The Effects of Control and Fairness” studied the real customer and service encounters in hotels. It was also observed that if customer lose a control while there was a service encounter then service quality is going to be highly deteriorated. The study further revealed that four characteristics of service provider have affected the perception of Hotel consumers. These characteristics were Knowledge, Consideration, Consistency and Impartiality of services providers. It was further revealed that if employees providing services exerts a fair and normal behavior then it showed a positive impact on customers satisfaction and the intentions to buy the services in future.

The study constructed three hypotheses. First hypothesis was based on the higher satisfaction when an individual handled the service encounter well. Second hypothesis was based on the greater satisfaction of an individual then the previous one. Third
hypothesis was based on the poor perception of individuals regarding service encounters. Data analysis and conclusions accepted the first two hypotheses and suggested that service encounter can be defined as initial dealing and communication in between a customer and Hospitality service provider. The research concluded that customers were not found to be certain about the ability of service provider to know them, i.e. they were doubtful that whether Hotel management will be able to know and found their needs and preferences, and it was concluded that the perceptions which included consideration, impartiality, and knowledge and were taken for study were found to be significantly correlated with satisfaction. The author advocated that customers should be made aware that they can influence the behavior of service providers. The study will help managers to understand the importance of service encounter so that customers have a positive perception about the quality of services.

Thanika Devi Juwaheer and Darren Lee Ross (2003) in their research paper “A study of Hotel Guest Perceptions in Mauritius” assessed consumer’s perception and expectation regarding services quality delivered by Mauritius Hotels. Author identified the gaps between customer’s expectations and perceptions; besides this the other objective of this paper was to compare the perceptions of hotel managers regarding quality of services they delivered to their customers. After identifying these perceptions. The managers could have been in a better position for managing the customers and quality in their hotels. SERVQUALS modified version was used in the research. Likert scale of 1-7 was used to measure the responses of respondents. Research resulted in nine dimensions of quality of service having 36 variables. The perception score was lower except “attractive and appealing brochures used for promotion” and “privacy of the guests”. The largest gaps were found in service quality and extra facilities in room. In totality it was observed that total perception scores were less than the expectations scores, which concluded that Hotels of Mauritius were not providing the quality of services as expected by their guests. The study further highlighted the two problems those were faced by the managers of Hospitality Industry, first problem was related with the unawareness of managers about the factors which were important for the satisfactions of hotel guests, and second problem was due to the non availability of reliable and valid statistical tools to analyze the data The study will help managers to learn the methodology and statistical
tools, those will help them to analyze the data while finding the services quality gaps in Hospitality industry.

**Karnikeya Budhwar (2004)** in his research paper “An analysis of the Gap between Management Perceptions and Customer Expectations “did the research to assess and measure the important factors that will influence the failure or success of any restaurant. The study found out the gaps in between managers perception and consumers perception in Hospitality industry. The study further analyzed the varieties of cuisines those were preferred by the customers in restaurants. Researcher selected 48 restaurants for his study. The study revealed the major factors those contributed to the success of restaurants. These factors were location, parking facility, music, price of food, ambience of restaurant, and hygiene .The researcher further advocated that restaurants industry must analyze its competitive strategies and the degree of competition which exist in the environment. He further suggested that it was essential that restaurants conduct surveys at regular periods, and in these surveys organizations should use the techniques like trail mapping, besides it the organizations should not ignore the importance of internal marketing and they should use this important tool for their business.

**Feickert Julie et al (2006)** in their research paper “Safeguarding Your Customers: The Guest’s view of Hotel Security” investigated the acceptance of increased tariffs for these security measures in Hotels by the guests. The sample size of research was 930 respondents of different strata’s, and was proportionately divided on the basis of gender. The age of respondents varied from 15 to 78 years. Study revealed that it was worth it to invest extra for the security arrangements in Hotels. Researcher observed that the willingness of customers to pay for security measures declined as their age increased and it was further found that women respondents were found to be more concerned about the security measures then male gender. The main findings revealed that respondents were not liking the over security arrangement of Hotels and they were not in the favour of guards armed with stain guns and other weapons, it was also found that guests did not liked the frisking by metal detectors . It was observed that guest were in the favour of identity verification while they checked in. They welcomed the surveillance by video in different areas of hotels, and making available
the first aid boxes in the rooms. Researcher concluded that customers were found to be more concerned about their security after 9/11 attack in New York. The study will help Hotel Industry to find out the appropriate security strategies those can be implemented by managers and are acceptable by the guests.

Jessica Prois (2009) in her paper titled “Study measures value of guest experience” revealed that hotels are constraining their resources due to cut throat competition in order to increase their revenues, but on the other hand customer’s expectations are increasing. Author defined customer experience as an interaction between the organization and customer throughout the period of their association. Customer experience can be termed as the total influence of hotel services on these touch points throughout the period of association of a customer with organization. There are companies those have expertise to classify the customers on the basis of their experience with Hospitality organizations. They collect the data for this purpose from social media and internet, while other companies collect this data through surveys and telephonic interviews. According to researcher the six parameters which affected a customer experiences were understanding of customers, organizational strategies, design, governance, culture of organization and measurement, if an organization is able to set itself more than what the customer has expected than that organization will definitely attract more customers and will set its growth on fire. Such organization will build up their brand value and loyalty in the minds of its clients. As per author loyalty was basically driven by company’s dealing with its customers and the correctness of its business practices to meet with want and needs of their customers. The findings of study will prove to be an effective and efficient management tool for hotel industry management.

Anawade P.A, Dr.Shilpak Bendale (2016) in their research paper “Recent trends in Hotel industry and its impact on individual spending”. The researcher reviewed the impact of the spending on hoteling by the individual. The rural area was considered for review and researcher tried to focus on the changes in spending pattern due to the recent trends in the Hotel Industry in rural areas. Research was based on primary data and was descriptive in nature and concluded that trends in perception of hoteling and spending pattern of individual were changing continuously day by day and many
changes were derived as per the financial condition of the individual. The conclusions will facilitate Hospitality industry to chalk out more effective strategies of marketing.

2.3. Studies related to Customer satisfaction and loyalty

Vavra, T.G. (1997) in his book “Improving your measurement of customer satisfaction” revealed some strategies those helped in measuring the customer satisfaction in a better way in Hospitality organizations. The author emphasized that there are five precautions that any researcher should keep in mind if he/she want to measure the customer satisfaction. The first task is to do a correct sampling i.e. the selection of the right population; correct sampling is followed by the construction of a right questionnaire, then taking a right interview in a right way, doing a correct data analysis with right statistical tools and than putting right quality action plan. The author suggested that researcher should first make a model of satisfaction which will help in measuring the difference in between expectations and perceptions of respondent’s. Author further suggested that this model must have three components. The first component or stage is antecedents. The other is the formation of satisfaction process and third one the consequences, it was found that prior experience was the most critical factor which influenced the satisfaction, because it remains in the memory of all the customers. The second component i.e. satisfaction process explored the difference in consumers perception and expectations. As per author, expectations are the belief of consumers towards hotels products and services. In the proposed models, as per author, desires of customers too influence the expectations. In his paper author has divided the performance of services or products in two categories one is objective and other is perceived. Author in his paper discussed the five theories derived from social psychology. These theories are Assimilation, Contrast theory, Dissonance theory, Generalized negativity theory, and contrast and hypothesis testing theory. The five theories were analyzed with respect to the satisfaction of customers in Hotel industry. The findings of this study will help the managers to measure the customers’ satisfaction level which will further help them to chalk out the appropriate marketing strategies.

Smith, A.K. et al (1999) in their paper “A model of customer satisfaction with service encounters involving failure and recovery” did a survey with the help of a mix–design model. The research was carried away on the belief that customers strongly
showed their displeasure if there is a service failure, so it was suggested by the authors that organizations must react with better service—recovery strategies to counter check the customer’s dissatisfaction. The very first objective of this study was to construct a model of consumer satisfaction which involves the encounters of particular service-failure and its recovery, and the second objective was to evaluate the affect of a particular service failure and the efforts of service failure recovery on customers, and third objective dealt with advising managers and giving them specific guidelines about how to satisfy the customers, when they are dissatisfied with a particular service failure. Author carried out his research at two Hospitality formats one were hotels and other were restaurants. The author stated that whenever a service failure occurs the organization can recover from it and can still protect the loyalty of consumers for organizations. If they don’t do it, consumers can switch over to other organizations. Study revealed that social and economic measures used by organizations can restore the service failure influence. The conclusions of research can help hotel managers to chalk out the service recovery strategies and strengthen the customers and organizations relations. The research will help Hospitality industry in chalking out the strategies those will improve the relationship of customers with organizations.

**Jay Kandampully and Dwi Suhartanto (2000)** in their research paper “Consumers loyalty in the Hotel industry” stated that the objectives of the study was to find the elements those influenced the positioning of Hotel industry and affected the satisfaction level of consumers. The study helped researchers to understand the relationships among, brand image, customer satisfaction and loyalty of customers towards hotel services. Researchers advocated that competition in the industry has provided more choices, increased level of quality of services, and more value of money to consumers. The author advocated that hotels those tried to take more market share, with the help of practices like offering discounts, leave a negative image in the minds of consumers which may damage the loyalty of consumers towards such organizations and may hamper the revenues generation of hotels sooner or later. The study further highlighted that it was the loyalty which gave survival to the Hotel industry in the longer run. The research revealed that there were factors those were directly related with the level of loyalty of consumers in Hotel industry and these factors were the quality of services in housekeeping, reception, food and beverages,
prices of food and services. The study further revealed that it was the quality of housekeeping services which has emerged as the most crucial factor in influencing the loyalty of customers towards Hotels. The findings suggested that as per customer point of view housekeeping is the most important element for which a customer was looking for. Besides it the others factors like prices, food quality, and drinks quality and variety and reception came out to be the secondary factors influencing customer loyalty.

Holjevac, I.A. et al (2000) in their paper “Customer satisfaction measurement in Hotel industry: Content analysis study.” found that to provide and maintain customers satisfaction in Hotel industry was the biggest challenge for managers. The study was conducted in 25 hotels in Opatija, in which researcher analyzed the Guests Comments Cards of Hotels and customers satisfaction management schemes run by Hotels. Researcher used an approach which was given by Horeshell in 1988, and was named as Applied Content Analysis. The researcher stated that though there were other tools present in the Hotels those might have helped in assessing the customer satisfaction but Guests Comment Cards were more appropriate for this purpose because they were in small size and could be easily studied. Besides it they were easy to understand because they were simple. These cards were having 32 categories those were classified in five general areas. These were 1. Management values and focus of guest’s cards. 2. How to measure Guest Cards attributes. 3. How to measure overall satisfaction of guests. 4. Marketing measurement and 5. Layout and structuring of questions.

The study analyzed Guests Satisfaction Management Schemes run by Hotels and the comments given by guests on comment cards in the selected Hotels. The authors found that to study the relationship between management schemes run for guest’s satisfaction, with comments on Guest Cards, depended on the statistical tools applied for analysis, and the strategies of hotels for satisfying their guests.

Willard Hom (2000) in his research paper “An overview of customer satisfaction models” classified and studied two models of customer’s satisfaction. These models considered customer satisfaction variables, as the construct of models and in this way author has theorized the elements of customer’s satisfaction. Author has provided these models of customer satisfactions from the point of view of marketing research.
The researcher identified the components like quality, value, loyalty, and complaining behavior and categorized them into Macro model. The literature review done for this study intensively involved the factors those made up the concepts of satisfaction of consumers. Customer satisfaction was based on expectations those were not fulfilled by the Hospitality services providers. As per author, macro model of satisfaction involved seven models and these were 1. Perceived performance model. 2. Multiple process models 3. Equity model 4. Expectations disconfirmation model 5. Norms model. 6. Affective model. 7. Attribution model. In this study, author has used extensive marketing research technique for analyzing the customer satisfaction and has concluded in the two simple models Macro and Micro. In micro model author has grouped affect, equity, regret and attribution. On the other hand in Macro Model author included comparing standards, feeling of satisfaction, outcome of satisfaction and perceived performance. The study has analyzed the various marketing research techniques and its uses in simplifying the customers satisfaction attributes. The study can help managers to find out the appropriate model to satisfy their customers.

Silvia Figini and Paolo Giudici (2002) in their research paper “Statistical model for customer satisfaction data measuring risks with ordinal variables” analyzed the various ways to collect the data which could be used to measure the satisfaction of consumers. Author discussed and proposed the various methodologies those were based on graphical model and data related with customers and its statistical analysis. Study further revealed two methods which can be used to analyze the data related with consumer’s satisfaction. Authors recommended the internet for collection of consumer’s satisfaction data. This method made possible the monitoring of visitors on internet. The other method which can lead to contacts was identified as telephone and mail, but it was found that this method had low rate of responses. At last authors has mentioned face to face method of taking interview. This method was found to induce the feeling of care and intimacy but was found to have weaknesses like reluctance of respondents to speak openly or to criticize someone openly, it was found difficult to reach at an agreement in between customer opinion and the numerical value stated on rating scale. Hence it was feasible to allow an approximate error. The authors concluded in recommending five point scales to measure customer satisfaction. This scale included the intensity like very satisfied, moderately satisfied, neutral, moderately dissatisfied and very dissatisfied. The study will help the managers to
have knowledge of consumer’s needs and wants which will help organization to upgrade their services and products. This will lead to an increased loyalty and increased profitability of organization.

**Peyton, R.M. et al (2003)** in their paper “Theories of customer satisfaction” did an intensive literature review on different theories of customer satisfaction and dissatisfaction. The paper discussed the four theories. The first theory analyzed was Consistency theory which included Assimilation theory, Negative theory, Assimilation contrast theory, and Contrast theory. The paper not only provided a theoretical base to the research but elaborated the important factors of most accepted models of customer satisfaction and dissatisfaction. The authors further suggested that satisfaction can be described in various ways i.e. it can be explained with respect to fulfillment of needs, state of cognitive, evaluation of benefits and pleasure and displeasure. Study further concluded that no doubt researchers had described the satisfaction in different ways but author believed that satisfaction of consumers depends on many factors and these are related with each other. The study will help managers to find out the factors those influences the satisfaction of consumers and chalk out the appropriate strategies those will lead to the satisfaction of customers, ultimately affecting the profitability and growth of organizations positively.

**Malthouse, E.C. et al (2003)** in their research paper “Customer Satisfaction across Organizational Units” analyzed the satisfaction level of consumers throughout all the units of organization. The authors analyzed and described the models of customer satisfaction for investigating the relations of satisfaction with particular attributes of products and services. The researchers investigated that, whether the factors influencing the satisfaction in totality are same or differ in different departments/units of organization. Authors highlighted the additional variables those were responsible for this variation. Researcher constructed the hypothesis those found out whether the satisfaction of consumers was same in all the department of organization or not. The authors stressed that if the variation existed it should be found out, because it can adversely affect the image of products and services of organizations. They also argued that the importance of satisfaction for consumers may vary from one unit to another unit in organizations. They also emphasized that a particular attribute may have different levels of importance for different consumers or level of satisfaction may
vary from one segment to another segment. Authors selected newspaper and health care industries for their study and did an extensive review of case studies. The author revealed that there is a need for better hypothesis those can test more variables. The authors finally concluded the significance of these models. They argued that these models explained different theories about satisfaction of consumers and will lead to a more focused research which will lead to efficient research saving the precious resources. This study will facilitate other researchers to carry out the future research with more appropriate methodologies so that researches could results in more accurate and useful findings.

Rizaldi and Vijay (2006) in their research paper “Analysis of Five SERVQUAL Dimensions through Disconfirmation Theory” studied the dimensions of SERVQUAL scales. The dimensions were analyzed with the help of disconfirmation theory. Authors used this theory to elaborate the quality of services and satisfaction which has been perceived by the consumers. This theory explained that consumers will be more satisfied if managers control the actual services while they were being delivered to the customers. The disconfirmation theory was emerged from adaptation level theory given by Helson which stated that satisfaction and dissatisfaction are results of comparisons made by consumers in between the perception and actual performance of products and services. In most of the researches the perceived service quality is the result of the matching of perception of consumers with their expectations. Authors carried their research in a restaurant called “Intrapura” which is situated in Amsterdam, and used SERVQUAL scales to find out the perceived quality and gaps in between perception and expectations. Researcher concluded that if expectations of consumers are well managed then consumers will perceive the services positively and will be more satisfied. The findings of study will guide future researchers for conducting a quality measurement research and how to use SERVQUAL scales for this purpose.

Gupta Sachin et al (2007) in their research paper “Guest Satisfaction and Restaurant Performance” collected the data from a restaurant chain which has a national presence and constructed a series of mathematical models. These models could predict how the customers satisfaction level will bring them back to the restaurants. The researchers designed two models for their study. The first model found the relationship of
customer satisfaction with dining experience with respect to 21 different attributes. The other model investigated about the correlation in between restaurants service quality, and likelihood of returning of guests to the restaurants. The study found that, how the performance of restaurant is being influenced by comeback of customers. The study revealed that higher rate of comeback of customers is going to increase the profitability of organizations. Authors carried this research after finding a gap in literature review where they have found the researches where customer’s satisfaction was made related with restaurant performance. The study will make the managers realize about the importance of satisfying the customers and will help them to make the restaurants management aware about the importance of customers comeback for their organization so that they can improve their services and products.

Rooma (2007) in her research paper “Developing a Service Quality Questionnaire for the Hotel Industry in Mauritius” advocated that evaluation of customer satisfaction is very important for all organization in service sector so that they can show the better performance in cut throat competitive world. The author argued about the applicability of SERVQUAL dimensions in Hotel industry i.e. whether the present five dimensions are sufficient to measure the quality in Hotel Industry or not, and in response of it author suggested some more dimensions, those were related with industry. The researcher carried his study in a tourist village in an Island and the respondents were interviewed with open ended questions. They were asked about their expectations and perception about the services offered at Island hotels .The findings of research revealed that, as per tourists the most important attribute was the core services. Besides this attribute the other important attributes as per guests were found to be, cleanliness. Internet access, quality of food, recreational facilities, and modern technology. The study revealed that there are various ways of improving the service quality and the most important was the use of Hotel customer’s satisfaction survey. The study will help the managers to find out the quality gaps and chalking out the strategies to fill these gaps.

Salver Jessica (2009) in her book “Brand Management in the Hotel Industry and its Potential for Achieving Customer Loyalty” found the correlation in between customer loyalty and brand name. To investigate and analyze the brand management practices and to implement these concepts in the services of Hotels was the core objective of
this research. The author selected this particular topic because brand management is the most discussed and researched topic in Hospitality industry. The objective of this study was to find out a link in between these two management concepts and to find out the positive aspects of Hotel services branding on consumers loyalty .Author revealed that the practices of branding with marks and names are very old and prevailed in ancient Rome Greece and China. Industries and businesses have now understood about the merits of branding, and these practices created a huge interest in industries during recent time. Author further revealed that Hotel Industry has a great potential for branding but it is far behind the physical products manufacturers, hence there was a need to examine the potential of brand management in this industry. The author finally concluded that because the competition is increasing rapidly and there is a need that customer’s remains loyal to the service providers. Therefore brand management is very crucial in Hospitality sector. The present study will facilitate other researchers to further investigate about brand management and will help Hospitality Industry to understand the concept of brand management and implement it in their respective organization so that these customers remain loyal to them which will affect their productivity and profitability positively.

Grigoroudis, E and Siskos, Y (2009) in their book “Customer Satisfaction Evaluation” elaborated the problems, related with evaluation of customer satisfaction. Authors classified the customers in three categories 1. Self-unit customers: This category consisted of people those have an attitude of discipline and a passion to excel. 2. Internal customers: These are the individuals those are employees of the organization 3. External customers: This category contained the individuals those are the users or buyers of the organizations product or services. The authors discussed about the present methodologies used by the researchers in assessing service quality. They also explained the importance of Multicriteria Satisfaction Analysis (MUSA). As per author MUSA was found to be effective in knowing the needs, preferences and expectations of the consumers. They also examined the problems, related with consumer’s satisfaction, various consumer behavior models, and different quantitative and qualitative approaches.
2.4. Studies related to Customer Relationship Management

Gopal V.V. (2005) in his paper “CRM in Travel and Tourism - Concepts and Cases” explained the evolution and growth of Customer Relationship Management practices in Hotel and Aviation industry. The author revealed that Travel and Tourism industry is intensively training their employees with CRM practices so that they can tap maximum number of customers. The paper also covered the significance of technology in serving the customers. Technology can assist customers in providing the quality information’s. Authors used a methodological framework to analyze the guests and hotel relationship and profile of hotel guests, statistical tools like moving average and trend analysis were used for analyzing the data which was collected through schedules. Secondary data was taken from published reports of government and non government bodies. The author laid stress on appealing body language of employees such as good dressing sense, pleasing and smiling personality and face expressions. The author found that Hotel industry was lacking in quality software’s, product database and effective tracking systems. The study will facilitate the managers to find appropriate and effective Customer Relationship Management techniques which will help the organizations to keep their customers satisfied and happy.

Roya Ranimi (2007) in her research paper “Feasibility Study of Customer Relationship Management Application in Hotel Industry” did a feasibility study on Customer’s Relationship Management in Hotel Industry and wrote and presented a thesis. The author selected this problem for study because of increasing privatization and globalization, higher attrition rate of employees, increasing cost of hiring and ever increasing customer’s expectations in Hotel industry. Customer Relationship Management plays a crucial role in present competitive scenario. Researcher revealed that after implementing these practices in Hotel Industry the industry noticed a decrease in attrition rate of employees, increase in productivity and profitability, reduction in internal cost, reduction in marketing cost, improvement in customer services, creation of positive word of mouth, growth in market, streamlining of business processes, protection of investment in markets and maximization of returns. The study discussed the Ps essential for implementing CRM practices. These were preferences, profiles, precisions, and property. The author stressed further that the
fifth important element to make CRM successful is the commitment of management to make it a success. Researcher conducted this study in Hotel Industry after realizing that CRM is very important for the success of this industry. Researcher further advocated that customer satisfaction is directly related with the loyalty and retention of customers in the organization.

Singh Sachid Nand (1986) in his research paper “Geography of Tourism and Recreation” wrote that if a tourist finds that the people in Hospitality organization are very charming and hospitable, he/she tended to develop a closer contact and even mutual understanding with such organization. Further this will enhance the image as well as the intensity of attractiveness of tourism companies, because it affects the consumers psychologically and give a homely touch to them. So to satisfy tourists, the strongest means of publicity was the cordial and hospitable attitude of the people. He further stated that a tourist will develop an image of a particular hospitality organization after coming in contact with a very limited number of people of that organization. If fortunately he/she happened to meet a good person, he will develop a fine image about that organization and if unfortunately he/she came in to the clutches of an anti-social element or cheaters, then the whole edifies built earlier in his mind will be spoiled all of a sudden. So, the single misbehavior with a tourist can prove fatal to the hundreds of good behaviors, which ultimately exerts a negative influence upon the whole industry. The study will help in understanding the consumer behavior toward the Hospitality organizations and in chalking out the appropriate strategies by managers to satisfy each and every customer. Study revealed that Hospitality Industry management must understand the significance of satisfaction of consumers and should formulate the strategies those take care of customers after sales. The findings will help organizations to chalk out the appropriate strategies those will increase the level of consumers satisfaction.

Mary Beth MC Enen (2011) in her article “The game has changed” stressed that customers were willing to develop relations with Hospitality organizations. The author believed that old beliefs regarding customers satisfaction those brought success for organization may not be successful in future. Besides goods and services, the environment now is expecting more from Hospitality organizations. People are going to be very important for Hospitality industry, these may be customers, employees, and
sales partners and they all are expecting long term strong relations with Hospitality organizations. Customers are looking for organizations on which they can trust and those take care of their tastes and preferences and values. Organizations must not see their customers as a source of profit instead they should involve them in their values and decisions. Author found that customers are cautious about their relationship with organizations and new strategies has to be developed to increase the loyalty of consumers towards Hospitality services. The finding of study revealed the following points:
1. Hospitality organizations must have an insight into motivation and behavior of people.
2. Hospitality organizations should recognize that one strategy do not fit all.
3. Hospitality organization should treat their customers as the most important part of their strategies. Author finally concluded that organization should not only view their customers as a source of generating profits, but instead they must view them as shareholders in generating common values. Study will help managers to understand the significance of relationship building with customers and facilitate them in chalking out the right strategies those strengthen the relations of Hospitality organization with their customers.

Simons Tony (2012) in his book “The integrity dividend” described about his study which was conducted on 6800 employees in 76 Holiday Inns. He found a significant positive relation in between the profits of hotels and behavioral integrity of each hotel. The findings revealed that managers those scored highest integrity from their employees also were found to earn the higher profits, which positively affected the quality of services and enhanced the retention of customers. Author further found that employees those believed that their managers kept their words were found to be more committed to the organization businesses, which led to low employee attrition rate and quality customer services and ultimately resulted in increased profits. Manager’s commitment to keep their words strengthen the trust of employees and motivated them to deliver their duties better, such employees were found to be taking more initiatives in problem solving. Such a scenario generated a culture of leadership, integrity and commitment. Behavioral integrity was found to strengthen the relationship with customers, unions and suppliers. Author termed all these improvements as integrity dividends. In his book author argued that whenever an
employee joins an organization he or she came with certain sets of expectations and when communication is not clear then these employees can misunderstood their boss and blamed him/her. Henceforth there should not be any distortion in communication. The book has helped managers to understand that how human behavior understanding, can direct them to manage their employees coming to their Hospitality organizations with different expectations.

2.5. Studies related to Service quality in Hospitality Industry and customer value creation.

Ellen Day and Melvin R. Crask (2000) in their research paper “Value Assessment: The Antecedent of Customer Satisfaction” suggested that if satisfaction of customers is the motive then managers must focus on the factors those influenced the customer satisfaction. The objective of this research paper was 1. To review the literature and summarizing and finding the gaps found in previous researches. 2. To analyze the value assessment process with respect to perceived risk. 3. To give suggestions for future research. The authors claimed to be the first those have found out a link in between value and dissatisfactions. As per authors consumers had the following perception regarding value products. (1) A product must perform the desired function. (2) There must not any physical harm or injury ensuing from the use of product (3) Product must be recommended and approved from others (4) Achieving a sense of self-efficacy, and/or (5) Product must not lead to wastage of money, time or effort in making a particular choice”. Author finally concluded, “Framing value in terms of perceived risk not only facilitates a better understanding and measurement of value but also better enables the marketing manager to enhance the perceived value of a product or service. In knowing how to manipulate value the marketing manager in turn has knowledge essential to satisfying customers” which can be further channelized in effective and efficient marketing strategies.

Dubé Laurette and Leo M Renganathan (2000) in their paper “Creating visible customer value” highlighted that for inducing loyalty in the customers, managers should provide value to their guests while they stayed in their Hotels, and it can be done by providing the excellent services to these customers. The authors in their study found out the factors those were perceived by the guests positively and those have significantly influenced them. Managers disclosed and discussed these factors while
they elaborated their business strategies and success stories in media or business meets. Authors in their study investigated about Hotel attributes those motivated the guests for lodging. They found out the details of these attributes i.e. what was that which influenced guests to stay in a particular Hotel. Study found that ease of availability and booking of rooms were found to be the major driving force behind the lodging. The other factor which influenced the decision of guests was frequent stay programmes run by Hotels. The researcher conducted a survey with a sample size of 232 customers. The study will help managers to identify the Hotel and Motels attributes those are important for tourist’s turnout.

Jonathan Lee et al (2006) in their research paper “Incorporating Word-of-mouth Effects in Estimating Customer Lifetime Value” researched on customer life time value (CLV) and word of mouth. The rationale behind the research was that there is a risk while customer values and marketing effects are measured with respect to finance which is contributed directly. The risk involved is that it may mislead marketing managers. The study found the influence of word of mouth in estimating customer’s life time value. The researcher had a sample size of 1493 customers and used a measuring scale of 10 points. The variables included level of overall customer’s satisfaction and willingness to recommend (word of mouth). The authors revealed that if organizations involved direct financial contribution for assessing customer life time value these organizations may miss the real customer value which may lead to an error while judging customers true life time value. Authors further warned that indirect effect of word of mouth must be found out so that life time value of customers can be maximized and based on this conclusion organizations can invest in spreading the positive word of mouth. The study will drive organizations to take active step to encourage word of mouth.

Thayne Forges (2007) in his working paper on “Valuing Customers” advocated that the important component of any organizations business is the value of their customers. Study elaborated the basic methodologies for valuing customers and the limitations involved in it. Author defined the value of customer as the value that is generated by customers for business, he further suggested that Porters value chain was a good tool to assess, how the customer relationship will create value for the business. The author argued that there were small differences, when brand value was chosen as
a substitute in place of customer value, inspite of that they appeared to be similar. Following approaches were suggested by the author for increasing the customer value. These are 1. Market approach. 2. Income approach. 3. Cost approach. The cost approach was related with the extent of cost which has been used to create customer value. The open market expenses has been measured in second approach while income approach was based on the amount of income which will be generated by organizations assets. The study also highlighted the limitations of all these approaches. The time value of money could have affected cost approach. The market approach was found to be affected by the presence of transactions those can be compared, and it was difficult to carry income approach. The study will help managers in efficiently assessing the value of customers and formulate effective marketing strategies.

Nelson Tsang and Hailin Qu (2000) in their research paper “Service quality in China’s Hotel Industry: A perspective from Tourists and Hotel managers” discussed the perception of international guests as well as Hotel management towards the quality of services provided in Chinese Hotel industry. The research methodology consisted of a sample size of 270 international tourists and 90 Chinese hotel managers. The study was carried in Shanghai, Beijing and Guangzhou. Researchers set the following objectives of study.

1. To analyze the perception and expectations of international tourists, regarding the service quality and the products of Chinese Hotel industry.
2. To analyze the perception and expectations of Hotel managers regarding the service quality and the products of Chinese Hotel industry.
3. To find out the gaps in between perceptions of Hotel managers and international tourists, regarding products and services provided in Chinese Hotel industry.

The study revealed that, “The gaps between tourists and Hotel management could be bridged. There was room for service quality improvement in the Hotel Industry in China. Managers were too self-assured and somewhat certain that they were delivering what tourists expected. Therefore, improving service quality was top priority for Hotel Industry in China. The study will help organizations to find out the gaps in between organizations and tourists, removal of those can enhance the profitability of Hotel industry..
Pei Mey Lau et al (2005) in their research paper “Service Quality: A Study of the Luxury Hotels in Malaysia” investigated about the perception of customers of Hotels regarding quality of services. Researchers found that consumer’s perception came out to be lower than expectations and a significant gap was found in between the two. The research was carried in Malaysia in a five star Hotel of “Klag valley”. The primary objectives of research were 1.To determine the service-quality attributes that constitute fundamental service-quality dimensions in evaluating Hotel operators. 2. To examine and to compare relative importance attached by customers in terms of their expectations and perceptions by type of hotels (four-star or five-star hotels), and 3.To identify the role of service quality towards customer satisfaction in the Hotel Industry. Researcher measured the guest’s perception and expectations on five dimensions of SERVQUAL scales, which were Tangibles, Assurance, Reliability, Responsiveness, and Empathy. The study finally concluded that perception of customers regarding these quality dimensions, were not meeting with the desired level of their expectations and the largest gap was found in Tangible dimension. The research is of great importance for Hotel Industry because it will help managers to explore more about consistency of the order of importance of service quality dimensions

Halil Nadiri and Hussain Kashif (2005) in their research paper, “Diagnosing the Zone of Tolerance for Hotel Services”, Managing Service Quality, researched the zone of tolerance of customers and found the level of satisfaction of customers. The study was carried in Hotels in North Cyprus. Researchers selected four, five star and resorts hotels for their study. The study revealed that customers of these Hotels evaluated the quality of services on the basis of tangibles and intangibles dimensions. The researcher further found that Zone of Tolerance was very small among the Hotel customers. The findings further revealed that hotel services can be evaluated with respect to two expectations and these were “Adequate” and “ Desired”. The study was based on gap analysis which indicated how marketing strategies could be designed to manage adequate service-level expectations, the role of predicted service in influencing how consumers evaluate service quality, and how the Hotel Industry could use the Zone of Tolerance concept to formulate marketing strategies effectively. The study stressed that quality and satisfaction are very crucial factors for the success of Hotel industry and management should keep the level of quality services very high,
so that they can meet with expectations of their customers. The analysis of Tolerance Zone will help managers to chalk out and develop strategies those will enhance the quality of Hotel services.

Mohsin et al (2005) in their research paper “Service Quality Assessment of 4-star Hotels in Darwin, Northern Territory, Australia” explained that the primary expectations of Hotel customers these days are quality in services and products, good atmosphere, and high quality experience at Hotels which gave them the value for their money. In their research paper researchers emphasized on the importance of service quality, and guests satisfaction and conducted an evaluation of service quality delivered by the Darwin hotels. The study was conducted in North Australia. The researcher used a sample size of 149 guests and interviewed them with the help of structured questionnaires about their expectations from the Hotels. The researcher selected a 4-star Hotel for his study. The study revealed that ten percent of customers were dissatisfied with the quality of services and their dissatisfaction was above average. The findings will give organizations an insight to keep their guests/customers satisfied.

2.6. Future trends in Hospitality Services

Petermann Thomas and Christoph Revermann (2010) in their research paper “Future Trends in Tourism” elaborated that in Hospitality Industry a shift in demographics and particularly a rise in senior citizens number will affect the industry trends in future. Data analysis revealed that in the year 2050 about 16.3% population of world will be below 20 and 36.9% will be of age 60 year or above. The majority of aged people will increase the cost of health care services. Author emphasized that this increase in senior citizen population will boost the growth of Hospitality Industry too. This growth further will be positively affected by development of technology in Tour and Travel sector, which will give a cushion to this growth. This advancement of technology will motivate people to avail more Tour and Travel and Hospitality Services. More senior citizens means more number of retired people, these retired people will have plenty of time and money to spend. Therefore these factors will attract these people towards leisure and fun. Researchers have proved that retired people are more inclined to travelling and touring activities, comparing with other age
groups, which is going to give a positive impact on Hospitality Industry. The study will explore the ways to handle the changing Hospitality trends.

Singh Mahesh Chandra (2010) in his study “Medical Tourism” stated that health care and medical tourism in India is growing with an annual rate of 30.7%. This industry is catering the patients of West Asia, Africa, US, and Europe. India has become the most preferred destination for health care services because it is providing the high quality medical services at very low prices. Data showed that the cost of Indian medical services is 1/10th of the cost of western countries. The other reason of this growth is that foreign patients are having long waiting’s lists and queues in their home countries, the solution of which they found in India. Author further stated that in India Kerala is the main tourist destination for adventure as well as health care tourism. Touring Kerala not only give an unforgettable experience of adventure tourism but also give an exposure of popular and special health care products. Many patients from different foreign countries have given positive feedback of Kerala health care services and have recommended to others. The study highlighted Kerala as a state which has tremendous potential for medical tourism. And will benefit the Tourism and Hospitality Industry of the state.

Kothari Anurag (2011) in his research paper “Tourism Marketing” stated that country’s natural beauty, climate, history, culture and people are the major factors those affects the tourism of any country. Besides these primary elements the other factors those develop tourism of any country are the basic amenities like water availability, roads, electricity, transport and communication. The other important factors those attracts tourists are the presence of cultural sites, archeological monuments, historical buildings, beaches, mountains, events like trade fairs or local fairs, festivals, games and exhibitions etc. In other words, tourist products can be seen as composite products, those have the sum-total of a country’s tourist attractions, transport, accommodation and the entertainment, which results in consumer satisfaction. The tourism of Kerala has developed a niche due to its natural resources like waterfalls, beaches and hill stations. Therefore Kerala tourism has decided not only to develop these destinations but to protect Kerala from the negative impact of tourism on its environment. As a measure Government of Kerala has decided to carry the tourism on the basis of its capacity to handle tourists. According to author more
studies had been conducted in areas of the problems and impact of tourism on environment and community. So it is needed that all strata’s such as academicians, researchers, and NGO’s must further work on this area so that the negative impact of tourism on environment can be managed. The study was highly imperative and significant for the sustainable tourism development. Hence the present study is creative one which is intended to fill up this gap.

Maria-Cristina, Sidonia, Răvar, et al (2013) in their research paper “Developing creativity and innovation in Hospitality industry” stated the impact of creativity and innovation in Hospitality industry and concluded that it’s just the beginning stage. The objective of paper was to investigate the role of creativity and innovation on the decision making process of consumers while they availed Hospitality services. The study was conducted on hotels customers and it was found that creativity and innovation were important for customer’s satisfaction. The study expressed the main conclusions based on factors influencing innovations in hotel industry. Authors found that cultural tourism has been emerging in new dimensions and creative tourism is one of its parts, which has offered possibilities of self development in tourists. Author described various demand and supply challenges in cultural tourism and agreed that present economic, social and environmental changes of the world economy are going to affect the consumer behavior in Hospitality industry and managers should study these factors to gain competitive advantages. The authors achieved their objectives by conducting a survey using structured questionnaires. 105 respondents were selected for the study and it was found that innovation came out to be one of the important factors which influenced the consumer’s decision positively to purchase hotel services. The study will motivate hotel management to induce creativity in their product and services so that they can enhance the profitability of their respective organizations.

Pavia Nadia, Grzini Jasmine (2014) in their research paper “Specialization as a trend in modern Hotel industry” determined changes in Hotel competitiveness levels, which Hotels achieved by implementation specialized label standards. The methodology of the study included the primary data collection and use of appropriate statistical tools. For analyzing statistical data, Trend and Meta analysis were used. Research concluded that Hotel product management is one of the key prerequisites for raising competitiveness level of Hotels. Therefore Hotel industry needs redesign of
Hotel infrastructure and strategies, besides this, industry must reposition itself as per the consumer’s choices and preferences and market trends. The other important finding was that Hotel industry should introduce itself in new markets. Authors further suggested that managers must come up with new offers, and must redesign facilities and services, those are specialized for specific market segments such as families, sports enthusiasts, wellness, as well as Hotels specialized labels that are based on special categorization standards. These levels are based on the particular interests like history, art, children, sport, clubs and other. The research will facilitate Hostel Industry to chalk more effective Marketing and operational strategies.

Kyrlakids Alex (2015) in his article “Hospitality 2015, Game changer or Spectators” advocated that India and China both the countries will attain the same growth in Tourism and Hospitality sector by the year 2015, both the countries will be the top Tourism and Hospitality countries and will leave France, UK, and Japan behind. Besides developing their domestic tourism market both the countries will emerge as top tourism brands all over the world. Author further stated that the present local brands will keep on ruling in long run in both of the countries. The Tourism Ministry of India has noticed a shortage of rooms around 160000, in Indian Hotel and Motel industry. Tourism ministry of India is working on this issue, and it is projected that within a span of five year India may attain oversupply in accommodations sector of Hospitality Industry. The findings are going to help Hospitality Industry to look up positively, and formulate more creative strategies.

2.7. Gaps found in literature review:

After an intensive literature review the following gaps were identified, based on these gaps the research objectives were framed, these gaps are highlighted below:

1. Literature review studies highlighted that most of the studies have been carried out in foreign countries like Malaysia, China, Darwin, Cyprus and very few in India, and that in a particular region/city. Therefore researcher selected Delhi as an area for study.

2. It was revealed that Most of the Hospitality Services studies, are confined to Hotels only, while the rest of other services like Motels, Restaurants, Hostels, Amusement
parks, Travel agents, Bars, night clubs, flight attendants etc. remained untapped, therefore researcher included all the Hospitality sectors in the study which are Accommodations, Restaurants and Tours and Travels

3. Literature review also concluded that no study has been undertaken which specifically investigated about the Marketing Mix strategies, or about the awareness of Marketing Mix strategies of Hospitality Industry as a whole, therefore researcher framed it as the very first objective of study.

4. Literature review further highlighted that no study have been carried out which specifically investigated the factors those influenced consumer choices for availing Hospitality Services. Henceforth researcher included it as second objective of our study.

5. It was also concluded that no study has been made which studied the influence of Consumer Behaviour in decision making process while consumers availed the Hospitality services; therefore researcher set influence of consumer behaviour factors on decision making of Hospitality consumers, as one of the objectives of study.

2.8. Summary:

This chapter has reviewed various studies related to Hospitality Industry which includes the researches made on issues related with customer satisfaction and loyalty, customer perception/expectations, growth of Tourism/Hospitality Industry, Customer Relationship Management, Future trends in Hospitality Industry and service quality in Hospitality Industry. The review of literature helps in understanding the various concepts and highlighted the gaps in the study. The literature review reveals that no researcher has undertaken the study which has covered the Hospitality Industry in totality and in the name of Hospitality industry only Hotels has been studied. Besides this very few studies has been made in a particular area/city, and no study has been undertaken which specifically investigated about the awareness of Marketing Mix strategies and finding the factors those influences consumer choices/behavior for availing Hospitality Services. Based on these gaps the objectives of study are formulated. The next chapter discusses the very first objective of study which is analysis of awareness of Marketing Mix strategies of Hospitality Industry.