

## Chapter – I INTRODUCTION

<b>S. No</b>	<b>Content</b>	<b>Page No.</b>
1	Introduction	1
1.1	Indian Economy – An Overview	2
1.1.1	Foreign Direct Investment in India	3
1.2	Agriculture and Food Management	4
1.3	Industry and Infrastructure	5
1.4	Service Sector	6
1.4.1	An Overview of India’s Service Sector	6
1.4.1.1	Indian Aviation Industry	12
1.4.1.2	Banking Sector in India	12
1.4.1.3	Healthcare Industry in India	13
1.4.1.4	Real Estate Industry in India	13
1.4.1.5	Indian Telecom Industry	14
1.4.1.6	Education Sector in India	15
1.4.1.7	Financial Services in India	15
1.4.1.8	IT & ITeS Industry in India	16
1.5	Tourism and Hospitality Industry in India	16
1.5.1	Major Developments & Investments	17
1.5.2	Government Initiatives	18
1.6	Hospitality Industry	19
1.7	Literature Review of Multisensory Marketing	23
1.8	Need for the Study and Research Questions	42
1.8.1	Need for the Study	42
1.8.2	Research Questions	43
1.9	Research Methodology	43
1.9.1	Research Design	45
1.9.2	Single Versus Multiple Case Studies	46
1.9.3	Objectives of the Study	46
1.9.4	Hypotheses	47
1.9.5	Scope of the Study	47
1.9.6	Data Collection Instrument	47
1.9.7	Verification of Conclusions	48
1.9.7.1	Reliability	49
1.9.7.2	Validity	49
1.9.7.3	Pilot Study	51
1.9.8	Sample Design	51
1.9.9	Sample of the Customers	52
1.10	Data Analysis Technique	53
1.10.1	Chi-Square Tests	54
1.10.2	Factor Analysis	55
1.11	Limitations of the Study	56
1.12	Thesis Outline	56

## Chapter – II HOSPITALITY INDUSTRY – AN OVERVIEW

S. No.	Contents	Page No.
2	Introduction	61
2.1	What is Hospitality Sector?	62
2.1.1	Defining Hospitality	62
2.2	Historical Evolution and Development of Hospitality Industry	63
2.2.1	Timeline of the Hospitality Industry	64
2.2.1.1	Antiquity to Middle Ages	65
2.2.1.2	The start of Hotel Industry – 16 <sup>th</sup> – 17 <sup>th</sup> Century	66
2.2.1.3	18 <sup>th</sup> – 19 <sup>th</sup> centuries	66
2.2.1.4	20 <sup>th</sup> Century	67
2.2.1.5	The Third Hotel Industry Boom	67
2.2.1.6	The 1990s: Emergence of Technology	68
2.3	Classifications of Hotel Properties	70
2.3.1	Hotels Classified by Price	70
2.3.2	Hotels Classified by Function	71
2.3.3	Hotels Classified by Location	71
2.3.4	Hotels Classified by Market Segment	72
2.3.5	Other Hotel Classifications	73
2.4	Hotel Star Categorization	74
2.5	Growth of Indian Hospitality	75
2.5.1	The Indian Economic Scenario – A Tourism and Hospitality Perspective	80
2.5.2	Hospitality Sector in India	81
2.5.3	Hotel Industry	82
2.5.4	Existing Supply	85
2.5.5	Key Highlights	87
2.6	Indian Hotel Industry Trends by Star Category	89
2.6.1	Industry Performance Across Major Cities	93
2.7	Metropolitan Hotel Trends of India	93
2.7.1	Ahmedabad	93
2.7.2	Bengaluru	94
2.7.3	Chennai	95
2.7.4	Delhi	96
2.7.5	Kolkata	96
2.7.6	Mumbai	97
2.7.7	Pune	98
2.8	Economic Scenario of Andhra Pradesh	99
2.8.1	Tourism in Andhra Pradesh	100
2.8.2	Hyderabad	101
2.8.3	Vishakhapatnam	102
2.9	Future Supply of Hotels	104
2.10	Challenges of Hotel Sector in India	107
2.10.1	Shortfall of Trained Manpower	108
2.10.2	Changing Market Segmentation	108
2.10.3	Mix of Country of Origin of Guests	109

2.10.4	Increasing use of Internet	109
2.10.5	Sustainable Operations	110
2.11	Future Trends	110
2.12	Opportunities	112
2.13	Sustainability Strategy	113

### **Chapter – III MULTISENSORY MARKETING – EMERGENCE AND APPLICATION**

<b>S. No.</b>	<b>Contents</b>	<b>Page No.</b>
3.	Introduction	118
3.1	Transactional Marketing	119
3.2	Relationship Marketing	121
3.3	Contemporary Marketing	124
3.3.1	Experiential Marketing	124
3.3.2	Experiential Marketing – A Differentiator	125
3.4	Sensory Marketing	127
3.5	The Human Senses	131
3.5.1	Visual Sense	132
3.5.2	Auditory Sense	135
3.5.3	Tactile Sense	138
3.5.4	Olfactory Sense	140
3.5.5	Gustative Sense	143
3.6	A Sensory Marketing Framework	145
3.7	Multisensory Marketing	147
3.8	Multisensory Marketing – Application across Sectors	147
3.8.1	Automobiles Sector	148
3.8.2	Food and Beverage Sector	151
3.8.3	Airlines	153
3.8.4	Consumer Goods Sector	155
3.8.5	Technology	161
3.9	Hotels and Casinos	162
3.10	Conclusion	170

### **Chapter – IV ANALYSIS AND INTERPRETATION OF THE DATA**

<b>S. No.</b>	<b>Contents</b>	<b>Page No.</b>
4	Introduction	177
4.1	Reliability of the Study	177
4.2	Demographic Profile of the Respondents	178
4.3	Ranks Assigned to Factors that Influence the Selection of a Hotel	186
4.4	Ranks Assigned to the Important Elements of the Ambience in a Luxury Hotel	187
4.5	Ranks Assigned to the Five Senses	188
4.6	Hypothesis Testing	190

4.6.1	Hypothesis 1	190
4.6.2	Factor Analysis as Applied to the Factors that Influence the Selection of a Hotel	191
4.6.3	Factor Analysis as Applied to the Important Elements of the Ambience in a Luxury Hotel	194
4.6.4	Factor Analysis as Applied to the Existing Facts	197
4.7	Visual Factors	200
4.7.1	Hypothesis 2a	202
4.7.2	Hypothesis 2b	204
4.7.3	Hypothesis 2c	205
4.7.4	Factor Analysis as Applied to the Visual Factors	207
4.8	Olfactory Factors	210
4.8.1	Hypothesis 3a	213
4.8.2	Hypothesis 3b	214
4.8.3	Factor Analysis as Applied to the Olfactory Factors	216
4.9	Auditory Factors	219
4.9.1	Hypothesis 4	222
4.9.2	Factor Analysis as Applied to the Auditory Factors	224
4.10	Tactile Factors	226
4.10.1	Hypothesis 5	228
4.10.2	Factor Analysis as Applied to the Tactile Factors	229
4.11	Gustative Factors	232
4.11.1	Hypothesis 6	234
4.11.2	Factor Analysis as Applied to the Gustative Factors	235
4.11.3	Hypothesis 7	241
4.12	Conclusion	242

## Chapter – V FINDINGS, CONCLUSIONS AND SUGGESTIONS

<b>S. No</b>	<b>Contents</b>	<b>Page No.</b>
5	Introduction	244
5.1	Findings and Conclusion of the Study	244
5.1.1	Objectives of the Study	244
5.1.2	Findings and Conclusions based on Primary Data	246
5.1.3	Hypotheses Results	248
5.2	Results of Sensory Factors	257
5.2.1	Visual Factors	257
5.2.2	Auditory Factors	259
5.2.3	Olfactory Factors	261
5.2.4	Tactile Factors	262
5.2.5	Gustative Factors	264
5.2.6	Website	265
5.3	Managerial Implications of the Research	266
5.4	Suggestions	267
5.5	Scope for Further Research	278
5.6	Conclusion	279

## **BIBLIOGRAPHY**

## **APPENDICES**

Appendix 1: Questionnaire to the Customer Respondents

Appendix 2: Descriptive Statistics and Plots of Factor Analysis

Appendix 3: Krejcie Morgan Sample Adequacy Table

## LIST OF TABLES

<b>Table No.</b>	<b>Title</b>	<b>Page No.</b>
1.0	Growth in GDP at Factor Cost at 2004-5 prices (per cent)	2
1.1	Share and Growth of India's Services Sector (at factor cost)	8
1.2	Performance of Select Services Firms	11
1.3	Survey Questionnaire Structure	48
1.4	Sample of Customers under the Study	53
2.0	Hotel Star Categorization	74
2.1	Existing Supply across Major Cities (2006/07 – 2011/12)	86
2.2	Indian Hotel Industry by Star Category: Market Segmentation	89
2.3	Indian Hotel Industry by Star Category: Guest Analysis	90
2.4	Indian Hotel Industry by Star Category: Country of Origin of Guests	91
2.5	Indian Hotel Industry by Star Category: Marketing Media	92
2.6	Tourist Inflow and Revenue in Andhra Pradesh	100
2.7	Proposed Branded Hotel Rooms Across Major Cities (2012/13 – 2016/17)	105
2.8	Distribution of Existing and Proposed Branded Hotel Rooms Across Major Cities (2006/07 – 2011/12)	106
3.0	From mass and relationship to sensory marketing	121
3.1	Sense Expressions	146
4.0	Internal Consistency and Reliability of the Study	178
4.1	Gender of the Respondents	178
4.2	Age of the Respondents	179
4.3	Marital Status of the Respondents	180
4.4	Educational Profile of the Respondents	181
4.5	Occupation of the Respondents	182
4.6	Monthly Income of the Respondents	183
4.7	Frequency of Visit of the Respondents	183
4.8	Approximate Amount Spent by the Respondents per Visit	184
4.9	Hotels Considered for the Study	185
4.10	Ranks Assigned to Factors that Influence the Selection of a Hotel	186
4.11	Ranks Assigned to the Important Elements of the Ambience in a Luxury Hotel	187
4.12	Ranks Assigned to the Five Senses	188
4.13	Influence of Type of Music Played and the duration of time spent in the Hotel with relation to Age	189
4.14	Influence of Online Reviews on Age While Selecting a Hotel	189
4.15	Sensory Experience Contributes to Customer Satisfaction in the Hotel	190
4.16	Chi-Square Test of Sensory Experience Contributes to Customer Satisfaction in the Hotel	191
4.17	KMO and Bartlett's Test of the Factors that Influence the Selection of a Hotel	191
4.18	Total Variance Explained of the Factors that Influence the Selection of a Hotel	192

4.19	Components as Extracted from Factor Analysis for the Factors that Influence the Selection of a Hotel	193
4.20	KMO and Bartlett's Test of the Important Elements of the Ambience in a Luxury Hotel	194
4.21	Total Variance Explained of the Important Elements of the Ambience in a Luxury Hotel	195
4.22	Components as Extracted from Factor Analysis for Important Elements of the Ambience in a Luxury Hotel	196
4.23	KMO and Bartlett's Test of the to the Existing Facts	197
4.24	Total Variance Explained of the Existing Facts	198
4.25	Components as Extracted from Factor Analysis for Existing Facts	199
4.26	Influence of Softened Lights on the Customers Which Increases their Well Being Sensation and the Time Spent at the Point of Sale	200
4.27	The Ambience Colour Scheme Favourably Stimulates	201
4.28	The Ambience Colour Scheme Favourably Stimulates	202
4.29	Chi-Square Test of the Ambience Colour Scheme	203
4.30	The Interior Colour of the Hotel Encourages the Customers to Stay Longer and Increase Consumption	204
4.31	Chi-Square Test of the interior colour of the hotel	205
4.32	The Hotels Make Effective Use of Lights which Generate Sales	205
4.33	Chi-Square Test of the Hotels Effective Use of Lights	206
4.34	KMO and Bartlett's Test of the Visual Factors	207
4.35	Total Variance Explained of the Visual Factors	207
4.36	Components as Extracted from Factor Analysis for Visual Factors	208
4.37	Influence of Pleasant and Welcoming Ambience Scent of the Hotel Which Improves Customer's Mood	210
4.38	Influence of Ambience Smell on Enhancing the Customer's Hotel Experience	211
4.39	Influence of Food's Aroma on the Customer's Appetite	212
4.40	The aroma of the food makes the customer order more	213
4.41	Chi-Square Test of the Aroma of the Food	214
4.42	The Hotel's Signature Scent Leads to Brand Recognition	214
4.43	Chi-Square Test of the Hotel's Signature Scent Leading to Brand Recognition	215
4.44	KMO and Bartlett's Test of the Olfactory Factors	216
4.45	Total Variance Explained of the Olfactory Factors	216
4.46	Components as Extracted from Factor Analysis for Olfactory Factors	217
4.47	Influence of Music Tempo of the Luxury Hotel on the Customer's Dining Speed	219
4.48	Influence of Luxury Hotel's Music to Build a Positive Take Away Dining Experience	220
4.49	Influence of Type Music on the Customer's Duration of Time Spent in the Hotel	221
4.50	The Extra Duration spent in a Hotel Due to its Music Played makes the Customer Order more	222
4.51	Chi-Square Test of the Extra Duration spent in a Hotel Due to its Music Played makes the Customer Order more	223
4.52	KMO and Bartlett's Test of the Auditory Factors	224
4.53	Total Variance Explained of the Auditory Factors	224

4.54	Components as Extracted from Factor Analysis for Auditory Factors	225
4.55	The Furniture of Luxury Hotel is Comfortable to be used for Longer Hours	226
4.56	Hotel's Food's Mouthfeel is Satisfying to the Customer	228
4.57	Chi-Square Tests of the Hotel's Food's Mouthfeel	229
4.58	KMO and Bartlett's Test of the Tactile Factors	229
4.59	Total Variance Explained of the Tactile Factors	230
4.60	Components as Extracted from Factor Analysis for Tactile Factors	231
4.61	The quantity of the Food Served by the Hotel is Sufficient	232
4.62	The Hotel's Menu Offers a Variety of Cuisines to Cater to Different Tastes	233
4.63	The Dish Description Available on the Hotel's Menu does not help the Customer in Decision Making	234
4.64	Chi-Square Tests of the Dish Description Available on the Hotel's Menu does not help the Customer in Decision Making	235
4.65	KMO and Bartlett's Test of the Gustative Factors	235
4.66	Total Variance Explained of the Gustative Factors	236
4.67	Components as Extracted from Factor Analysis for Gustative Factors	237
4.68	The Hotel Uses the Latest User Friendly Technology	238
4.69	The Hotel Website gives me Complete and Update Information, Creating a Pleasurable Experience Online?	239
4.70	This Online Experience tempts me to Visit and Experience the Hotel?	240
4.71	Futuristic online multisensory marketing is an effective strategy leading to better revenue generation for the hotels	241
4.72	Chi-Square Tests of the Futuristic online multisensory marketing is an effective strategy leading to better revenue generation for the hotels	242
5.0	Hypotheses Results	253
5.1	Result of Ranks Assigned to Factors that Influence the Selection of a Hotel	254
5.2	Result of Ranks Assigned to the Important Elements of the Ambience in a Luxury Hotel	255
5.3	Results of Ranks Assigned to the Five Senses	256



## LIST OF FIGURES

<b>Figure No.</b>	<b>Title of the Figure</b>	<b>Page No.</b>
1.0	GDP growth and point contribution of different sectors	4
1.1	Growth rate of services GDP and overall GDP India and World	7
1.2	State wise comparison of share and growth of service sector in 2011-12	9
1.3	Research Method and Data Analysis Techniques Used	45
2.0	Operating Model	77
2.1	Geographic Penetration	77
2.2	Proposition	78
2.3	Strategic Focus	78
2.4	Investment Needs	78
2.5	Market Size & Projections	81
2.6	Breakup of Organized Market	81
2.7	Performance of Existing Hotels across Major Cities (2009/10 – 2011/12)	83
2.8	Performance of New Hotels across Major Cities (2009/10 – 2011/12)	84
2.9	Occupancy and Average Rate 2007/08 to 2011/12	87
2.10	Revenue and Net Income 2007/08 to 2011/12	88
2.11	Source of Revenue 2007/08 to 2011/12	89
2.12	Top 20 Hotel Brands by Existing Inventory – September 2012	104
2.13	Growth of Room Supply – India (2000/01 – 2016/17)	107
3.0	Sensory Marketing	130
3.1	The Sensory Experience	131
3.2	Sense Expressions and the Sight Experience	132
3.3	Sense Expressions and the Sound Experience	135
3.4	Sense Expressions and the Touch Experience	138
3.5	Sense Expressions and the Smell Experience	140
3.6	Sense Expressions and the Taste Experience	143
3.7	A Sensory Marketing Framework	145
4.0	Gender of the Respondents	179
4.1	Age of the Respondents	180
4.2	Marital Status of the Respondents	180
4.3	Educational Profile of the Respondents	181
4.4	Occupation of the Respondents	182
4.5	Monthly Income of the Respondents	183
4.6	Frequency of Visit of the Respondents	184
4.7	Approximate Amount Spent by the Respondents per Visit	185
4.8	Hotels Considered for the Study	185
4.9	Ranks Assigned to the Five Senses	188
4.10	Components as Extracted from Factor Analysis for the Factors that Influence the Selection of a Hotel	193

4.11	Components as Extracted from Factor Analysis for Important Elements of the Ambience in a Luxury Hotel	196
4.12	Components as Extracted from Factor Analysis for Existing Facts	199
4.13	Components as Extracted from Factor Analysis for Visual Factors	209
4.14	Components as Extracted from Factor Analysis for Olfactory Factors	218
4.15	Components as Extracted from Factor Analysis for Auditory Factors	226
4.16	Components as Extracted from Factor Analysis for Tactile Factors	231
4.17	Components as Extracted from Factor Analysis for Gustative Factors	237

## **ABBREVIATIONS**

AE	-	Advance Estimates
ANFALUM	-	National Association of Lighting Manufacturers
APTDC	-	Andhra Pradesh Tourism Development Corporation
ARR	-	Average Room Rate
ASEAN	-	Association of South East Asian Nations
BKC	-	Bandra Kurla Complex
BPO	-	Business Process Outsourcing
BSP	-	Brand Selling Proposition
CA	-	Conjoint Analysis
CAGR	-	Compound Annual Growth Rate
CBD	-	Central Business District
CEM	-	Customer Experience Management
CFA	-	Central Finance Assistance
CII	-	Confederation of Indian Industry
CMIE	-	Centre for Monitoring Indian Economy
CRM	-	Customer Relationship Management
CRS	-	Central Reservation System
DIPP	-	Department of Industrial Policy and Promotion
DIPP	-	Department of Industrial Policy and Promotion
ECB	-	External Commercial Borrowing
ESP	-	Emotional Selling Proposition
F&B	-	Food & Beverage
FDI	-	Foreign Direct Investment
FEE	-	Foreign Exchange Earnings
FEEs	-	Foreign Exchange Earnings
FHRAI	-	Federation of Hotel and Restaurant Associations of India
FII	-	Foreign Institutional Investors
FTA	-	Foreign Tourist Arrivals
GCF	-	Gross Capital Formation
GDP	-	Gross Domestic Product

GFCF	-	Gross Fixed Capital Formation
GIFT	-	Gujarat International Finance Tec-city
HMC	-	Hotel Management Companies
HRACC	-	Hotel & Restaurant Approval & Classification Committee
HSP	-	Holistic Sales Proposition
HVS	-	Hotel Valuation Service
IAMAI	-	Internet and Mobile Association of India
IHG	-	InterContinental Hotels Group
IMRB	-	Indian Market Research Bureau
IOCL	-	Indian Oil Corporation Ltd
IT	-	Indian Information Technology
ITeS	-	Information Technology enabled Services
KMO	-	Kaiser-Meyer-Olkin Measure of Sampling Adequacy
KRAs	-	Key Result Areas
MICE	-	Meetings, Incentives, Conferences, Exhibitions
MoU	-	Memorandum of Understanding
MSP	-	Me Selling Proposition
MuSeS	-	Multi-Sensory Sort
MXR	-	Mixed Reality Laboratory
Nasscom	-	National Association of Software and Services Companies
NCAER	-	National Council for Applied Economic Research
NHAI	-	National Highways Authority of India
NSSO	-	National Sample Survey Office
OSP	-	Organization Selling Proposition
PAT	-	Profit after Tax
PDR	-	People's Democratic Republic
PLS	-	Partial Least Squares
POS	-	Point-of-Sale
QoE	-	Quality of Experience
QSRs	-	Quick Service Restaurants
RBI	-	Reserve Bank of India
RevPAR	-	Revenue Per Available Room
ROE	-	Return on Ego
ROI	-	Return on Investment

SAARC	-	South Asian Association for Regional Co-Operation (India, Pakistan, Bangladesh, Sri Lanka, Nepal, Bhutan, Maldives)
SAM	-	Self-Assessment Manikin
SBI	-	State Bank of India
SEBI	-	Securities and Exchange Board of India
SEZ	-	Special Economic Zone
SIC	-	Standard Industrial Classification
SM	-	Sensory Marketing
TCGL	-	Tourism Corporation of Gujarat Ltd
TFCI	-	Tourism Finance Corporation of India Ltd
USP	-	Unique Selling Proposition
VoA	-	Visa on Arrival
WoM	-	Word of Mouth
WTTC	-	World Travel and Tourism Council
YoY	-	Year-on-Year