CHAPTER 7

CONCLUSION, LIMITATIONS AND FUTURE RESEARCH

7.1 CONCLUSION

The linkage of hospitality industry with that of the hotel industry is so pronounced that both the industry growths can be seen positively correlated. The growth of Indian hospitality industry is fuelled by the increase in movement of the tourists both from within the country and outside the country. The growth in foreign tourist arrivals was steadily growing from 2002 onwards, with a slight dip in 2008, due to economic slowdown. But the movement of domestic tourists in large numbers in 2009, compensated for this loss in revenue, of 2008. The contribution of Travel and Tourism to GDP is expected to stay the same at 6.0% (INR 3,239.4 billion or US$67.3 billion) in 2009 to 6.0% (INR 10,274.1 billion or US$187.3 billion) by 2019 (World Travel and Tourism council). The foreign tourist arrivals to India reached 5.08 million in 2007, showing a robust growth of 14.16% from the previous year. Hotel industry is a significant stakeholder in the Indian tourism sector. There are 1,437 hotels approved and classified by the Ministry of Tourism, with a total capacity of 84,327 hotel rooms (Ministry of tourism, GOI 2007). Indian hotel industry is currently adding about 42,022 five and four star category rooms in the major cities (Knight Frank research 2008).

The monsoon months are generally low in occupancy in hotels, in India and the period from October to April, has the highest occupancy levels. Fragmentation of the industry units, High seasonality and the labor intensive
nature are few characteristics that can be attributed to the hospitality industry. 60% of the business of hotels happens in the quarters of December and March. The hotel industry employs skilled, non-skilled and semiskilled labor directly and indirectly. Hotel owner sentiments are to go for the best possible star category for their hotels. The fragmentation of the industry in the unorganized and organized sector can be seen reflected in Herfindahl Index of concentration at 0.62 for the financial year 2006-07. Hotel demand has grown much faster than supply, but the need to market hotels, optimally remains. We see seasonal occupancies in most hotels i.e. the hotel will be overfull during a medical conference or certain events in the Kochi city or we see a drop in occupancy during certain months of every year, like June and July months when it is rains heavily in monsoons. Hilton, Four Seasons, Ritz Carlton, Starwood, Hyatt, Marriott, Intercontinental, Taj, Oberoi, Leela are in the expansion mode and most investments are in the 5 star deluxe, 5 star category and the budget category (Munich, ACTE global education conference 2007), the categories frequented by business travellers. More corporate are firming plans to enter India. Corporate sector is thought to be a source for business to star hotels, especially those hotels located in commercial cities like Kochi. The business from this segment comprises of transient visits of executive, organization of conferences, training programmes, long stays related to projects and banquet functions including product launches and incentive programmes.

For many major business houses these activities are centralized under one department or section like Administration, HR, PR, Procurements and Facilities. The persons who handle the travel arrangements from these departments are not buying the hotel rooms/services for their own personal use. Instead these professionals can influence the hotel room purchases of a boss or by people for whom the rooms are being booked. They are most often the secretaries and administration staff members. Many of them handle such
activities as an additional responsibility to their existing core task like administration, Human resources, Public relations, and Procurement. They are not intermediaries like travel agents, but they do all functions similar to the functions of a travel agent. They negotiate for special rates with hotels, according to the entitlements or eligibilities of each traveling executive from their organization; they empanel hotels in different cities to accommodate their executives and guests; and further more they handle the reservations on behalf of the organization. These corporate travel arrangers also go on to the extent of processing the bills, in case if, the company enjoys credit facility with the hotels. The role of these people in the light of their purchase decision is not studied yet. Even though there are attempts seen in the literature to integrate different perspectives of these surrogate buyers, the idea is not seen integrated into the literature. There have also been no attempts to develop a scale to find the reasons for which these surrogate bookers choose a particular hotel. These are the two areas of study the researcher has explored in this study.

Corporate sector is thought to be a source for business to star hotels, especially those hotels located in commercial cities. The business from this segment comprises of transient visits of executive, organization of conferences, training programmes, long stays related to projects and banquet functions including product launches and incentive programmes. For many major business houses these activities are centralized under one department or section like Administration, HR, PR, Procurements and Facilities. The persons who handle the travel arrangements from these departments are not buying the hotel services for their own personal use. Instead these professionals can influence the hotel room purchases of a boss or by people for whom the rooms are being booked. They are most often the secretaries and administration staff members. Many of them handle such activities as an additional responsibility to their existing core task like Administration,
Human resources, Public relations, and Procurement. These are the people whom the researcher would like to call In-house travel arrangers as they are in house and they do arrange the travel.

The role of IHTAs in the light of their purchase decision is not studied yet. They purchase rooms for the company but usually these purchases are never for their own personal use. They always purchase on behalf of some of their guests, who are travelling. They are not intermediaries like travel agents, but they do all functions similar to the functions of a travel agent. They negotiate for special rates with hotels, according to the entitlements/eligibilities of each traveling executive from their organization; they prepare a list of empanelled hotels in different cities to accommodate their executives and guests; and further more they handle the reservations on behalf of the organization. These corporate travel arrangers also go on to the extent of processing the bills, in case if, the company enjoys credit facility with the hotels.

Based on the attempt and argument of Hansen (Hansen 2005) where he combines several perspectives in varied degrees and argues that each one of the value perspective, the information perspective, the cue utilization theory and the emotional perspective leads to the buying decision. These combinations in varied proportions lead to the purchase decision.

**H1:** The researcher conceptualizes purchase decision as a second order one-dimensional construct comprising of three important reflective components: Personal, Cue utilization and Surrogate factors.

The objective of this research was to create a valid, reliable and parsimonious (only 28 items) scale to measure Intention to Purchase Hotel Rooms by IHTAs - IPHRI. Using elaborate and scientific steps the researcher created a finalized IPHRI scale which has very good psychometric properties
including Cronbach Alpha at 0.78, AVE 0.703 and composite construct reliability at 0.876 and the measurement data, fits the model well. The visual PLS portion of this is displayed in Table 7.1.

Table 7.1 Reliability, AVE and Cronbach Alpha

<table>
<thead>
<tr>
<th>Construct</th>
<th>Composite Reliability</th>
<th>AVE</th>
<th>Cronbach Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>P</td>
<td>0.938877</td>
<td>0.507321</td>
<td>0.929947</td>
</tr>
<tr>
<td>C</td>
<td>0.846926</td>
<td>0.526298</td>
<td>0.773631</td>
</tr>
<tr>
<td>S</td>
<td>0.897156</td>
<td>0.522298</td>
<td>0.868669</td>
</tr>
<tr>
<td>PB</td>
<td>0.87685</td>
<td>0.7036</td>
<td>0.789219</td>
</tr>
</tbody>
</table>

The IPHRI scale developed is listed below. This is the first contribution of this research.

29. I feel that the hotel has very good facilities supporting their core services of rooms

30. I feel that the relationship between me and the hotel staff is very good.

31. The hotel always deliver their promises.

32. There is always an immediate response from the staff members, at times of a requirement at the hotel.

33. The hotel seems to be very professionally managed.

34. The managers of this hotel, are very helpful.

35. I like the hotel facilities very much.
36. I get very less or no complaints for this hotel, if I book my guests here.

37. I feel that there is great easiness, to get things done at this hotel.

38. The food is rated very good in this hotel.

39. The hotel offers positive responses, to even last minute changes and requests.

40. I am fully satisfied by the way I do business with the hotel.

41. The hotel has attentive staff members.

42. The overall restaurant experience of the hotel is good.

43. The guest rooms are comfortable for relaxing.

44. I use this hotel because of the specific amenities in the room, like Wi-Fi, internet access, minibar, in room safe deposit locker etc.

45. Various channels (hotel websites, sales office, reservations) can be used to book the hotel.

46. I consider brand of the hotel important, to select a luxury hotel.

47. I look for good lighting in the room before selecting a hotel for my guests.

48. The hotel checks, informs and gets approval for any changes that happen during my guest stay.

49. The service quality of the hotel is considered important, in selecting a hotel.
50. The customer service orientation of the hotel, is considered for selecting a hotel.

51. The hotel should provide consistent service quality each and every time.

52. There should be good landscaping and good ambience for any luxury hotel.

53. The aesthetics of the hotel lobby area and the plushness of the room, is important for me for booking rooms.

54. My guests should feel that the hotel services is good value for money.

55. The guest should be satisfied with the overall experiences of the hotel.

56. The housekeeping of any hotel should be very good.

The scale is tested for convergent, discriminant and nomological validities thereby extending and adapting the surrogates construct in purchase decision.

![Figure 7.1 Tested model displaying the surrogate construct](image)
The second contribution of this research is that this is the first research to have developed the surrogate construct, built in purchase decision theory as displayed in Figure 7.1.

The other research gaps covered include the following.

- There is no significant relation between IPHRI and gender.
- There is no significant relation between IPHRI and type of industry represented by the IHTA.
- There is no significant relation between IPHRI and the age group they belong.
- There is no significant relation between IPHRI and their booking experience.
- There is no significant relation between IPHRI and the recent booking activity.
- There is no significant relation between IPHRI and the productivity of the company in terms of room bookings for the year.

The researcher sincerely hopes that the above findings will add value to the luxury hotel business and help them generate higher revenues. The researcher also hopes that this research will generate some motivation for future researchers to otherwise scant and scarce pool of research in the area of hospitality.
7.2 LIMITATIONS AND FUTURE RESEARCH

For the exploratory factor analysis the basis of factor analysis include correlations, and therefore these correlations describe relationships. As causal inferences cannot be made from correlations alone, the researcher has taken extra care to circumvent this limitation by also looking at the inferences using commonsense and the knowledge that the researcher has in the industry. The researcher also understood that the larger the sample the larger the correlation. There are two categories of general recommendations of minimum sample size in factor analysis. One school of thought is that the absolute number of cases is important; while other school is that the subject-to-variable ratio is important. Arrindell and van der Ende (1985); Velicer and Fava (1998); MacCallum et al (1999) have reviewed many of these recommendations regarding the sample size. First one among them is the rule of 100. Gorsuch (1983); Kline (1979) recommended at least 100 as the sample size for EFA (MacCallum et al 1999). No sample should be less than 100 even though the number of variables is less than 20 (Gorsuch 1974; in Arrindell and van der Ende 1985). But Hatcher (1994) argued that the number of sample (or he called it subjects) should be the larger of 5 times the number of variables, or at least even 100 samples. Even more subjects are needed when communalities are low or few variables load on each factor (Garson 2008).

Another limitation was that in the exploratory study the researcher could only make a preliminary IPHRI scale and this was purified only in the confirmatory study. The confirmatory study also have its own limitations that the IPHRI scale can only be applied to luxury hotels in the 4 and above star category hotels. Another limitation is that the researcher has used cross sectional survey methodology in both the exploratory and confirmatory surveys. Thus it cannot provide a longitudinal view of the phenomenon. The
researcher calls for future researches to create proprietary theories in the purchases of luxury hotels. This research was an attempt to adapt, extend and transfer the theory of purchase decision in the luxury hotel segment by the IHTAs.

7.3 RESEARCH IMPLICATION TO ACADEMICS

1. The first output of this research for academics is that this research could conceptualize purchase decision as a second order one-dimensional construct comprising of three important reflective components: **Personal, Cue utilization and Surrogate factors.**

2. The role of IHTAs in the light of their purchase decision is studied in this research. This is the first ever research to have developed the surrogate construct, built in purchase decision theory.

3. It was found in the EFA that the 3 factors is a linear combination of factors as follows:
   - Factor 1: Personal factor
   - Factor 2: Cue utilization factor
   - Factor 3: Surrogate factor

4. The “Surrogate factor” is an addition to theory of purchase decision making in the luxury hotel segment.

5. This research could create a valid, reliable and parsimonious scale with only 28 items to measure Intention to Purchase Hotel Rooms by IHTAs.
6. The other academic findings are that there is no significant relation between IPHRI and gender, type of industry represented by the IHTA, the age group they belong to, their booking experience, the time period of occurrence of their booking activity and productivity of the company in terms of room bookings for the year.

7. The researcher hopes that this research will generate some motivation for future researchers to otherwise scant and scarce pool of research in the area of hospitality.

7.4 RESEARCH IMPLICATION TO THE BUSINESS

1. The output of this research with a valid, reliable and parsimonious scale with 28 items can be used to measure Intention to Purchase Hotel Rooms by IHTAs.

2. Once this intention to purchase hotel rooms of the IHTA are identified, the hotel can use this understanding to match its features with the items and see whether the IHTA will give booking to the particular hotel or not. If there is no match in the item and the hotel facilities, the hotel can, may be choose not to solicit this IHTA and instead use the same resources to manage those IHTAs who match/aligns perfectly on the hotel facilities/items in the scale and get more business.

3. There is no significant relation between IPHRI and gender, type of industry represented by the IHTA, the age group they belong to, their booking experience, the time period of occurrence of their booking activity and productivity of the company in terms of room bookings for the year. These findings are against the popular notion among the sales
managers of luxury hotels that there is a relationship between
IPHRI and gender, type of industry represented by the IHTA,
the age group they belong to, their booking experience, the
time period of occurrence of their booking activity and
productivity of the company in terms of room bookings. This
research is the first instance that these non-relationships are
brought to light. Therefore the hotels can solicit IHTAs
irrespective of gender, type of industry represented by the
IHTA, the age group they belong to, their booking experience,
the time period of occurrence of their booking activity and
productivity of the company in terms of room bookings for the
year.

4. The researcher sincerely hopes that the research findings will
add value to the luxury hotel business and help them generate
higher revenues from the corporate segment of their business.
The research will also help manage room business so well that
they will not be affected much by seasonality and fluctuations
in business.