
A study of hospitality industry: Opportunities & Problems

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ABSTRACT:

The hospitality industry is a broad category of fields within service industry that includes lodging, event planning, theme parks, transportation, cruise line, and additional fields within the tourism industry. Hotel industry worldwide has facing a situation of both growth and problems. Hospitality industry is growing at a very fast pace in the recent years, especially in the developing countries like India its growth is significant. Increase in the income of middle class Indian has a significant role to play in this. Now days a lot of Indian families go for lunch, dinner and also for refreshments in the hotels and the most significant part is the increase in number of holiday's package taken by the Indian families? This lead to the increase in number of hotels in India, but as the industry grows it also increase the number of problems for hotel industry. In this paper author tries to take a look on these problems and also suggest some points to overcome this problems. In this paper, author on one hand take a look on general problems of hospitality industry and on the other he take a special focus on the problems of hotel industry in Uttrakhand. The state is among the top ten most preferred states by tourists in India but it is also the state which faces most number of problems in hospitality industry mostly because of its geography.

KEYWORDS: Hospitality industry, Uttrakhand, connectivity, Tourism, infrastructural facilities.

OBJECTIVES:

1. To understand the development prospects and various problems of hospitality industry.

INTRODUCTION:

Hotels in India' have supply of 110,000 rooms. According to the tourism ministry, 4.4 million tourists visited India last year and at current trend, demand will soar to 10 million in 2010 - to accommodate 350 million domestic travelers. 'Hotels in India' has a shortage of 150,000 rooms fueling hotel room rates across India. With tremendous pull of opportunity, India is a destination for hotel chains looking for growth. The World Travel and Tourism Council, India, data says, India ranks 18th in business travel and will be among the top 5 in this decade. Sources estimate, demand is going to exceed supply by at least 100% over the next 2 years. Five-star hotels in metro cities allot same room, more than once a day to different guests, receiving almost 24-hour rates from both guests against 6-8 hours usage. With demand-supply disparity, 'Hotel India' room rates are most likely to rise 25% annually and occupancy to rise by 80%, over the next two years. 'Hotel Industry in India' is eroding its competitiveness as a cost effective destination. However, the rating on the 'Indian Hotels' is bullish. 'India Hotel Industry' is adding about 60,000 quality rooms, currently in different stages of planning and development and should be ready by 2012. MNC Hotel Industry giants are flocking India and forging Joint Ventures to earn their share of pie in the race. Government has approved 300 hotel projects, nearly half of which are in the luxury range. Sources said, the manpower requirements of the hotel industry will increase from 7 million in 2002 to 15 million by 2010. With the USD 23 billion software services sector pushing the Indian economy skywards, more and more IT professionals are flocking to Indian metro cities. 'Hotel Industry in India' is set to grow at 15% a year. This figure will skyrocket in 2010, when Delhi hosts the Commonwealth Games. Already, more than 50 international budget hotel chains are moving into India to stake their turf. Therefore, with opportunities galore the future 'Scenario of Indian Hotel Industry' looks rosy. Problems generally emerge from the geographical and economic situations of a particular area. In this paper author choose hilly area of Uttrakhand and the problems facing by hospitality industry in this area. Before understanding the problems of hospitality industry in Uttrakhand we must have a view of general problems faced by the hospitality industry as a whole.

LITERATURE REVIEW:

Developing countries like India have failed to develop tourism and hotelindustry to its potential due to one reason or the other. Indian share in tourismbusiness at global level is far below than its capacity to develop this industry.Data available from the World Tourism Organization shows France continued to maintain top slot in number of international tourists. Spain and USA consolidate the second and third position. Even smallercountries like Singapore, Indonesia and Thailand etc. are doing much betterbusiness than India from tourism. It is because of the number of problemsfaced by

tourism and hotel industry in India. The hotel industry in India is facing a number of problems such as low occupancy rate, increasing competition, high taxes, increasing cost, fuel shortage, low profitability and so forth. Similarly, on the one hand, it is alleged that there is shortage of rooms to meet the varied requirements of different categories of tourists and visitors while on the other hand room occupancy rate is very low here in India. Hotels are compelled to give liberal discount to the potential customers particularly during the lean period.

Further, average expenditure of those who get commercial accommodation is comparatively low due to one reason or the other. Similarly, prevailing tax rates such as service tax, excise duty and custom duty on imported luxury car, beer, liquor etc. are very high. All these factors adversely affect the profitability of the hotels. This is particularly true about 5-star hotels in India. Thus, on the one hand, heavy investment is required in hotel business while on the other hand profitability in this business is adversely affected by the aforesaid constraints.

RESEARCH METHODOLOGY: -

An exploratory and descriptive research design shall be followed to carrying out this study to analyze the problems of Hospitality Industries in Uttrakhand. The data will be collected with the help of secondary data collection techniques. Secondary data will be used in this research and is collected through published and unpublished sources which include the internet, magazines, journals, research publications and so on.

PROBLEMS IN HOSPITALITY INDUSTRY:-

Manpower: The problem of attracting and retaining qualified workers, once an issue only in an isolated number of markets, is increasingly becoming a global challenge. Demography, wage levels, failure to adequately address.

Worker satisfaction and a reputation for long hours and low pay are all cited as contributing factors. Creative hospitality professionals have begun to develop innovative strategies for capturing and keeping high quality workers.

Expenditure: All construction costs and the costs for furnishings, fixtures and equipment (FF&E) will continue to escalate in 2011. Construction costs, driven primarily by materials costs, spiked dramatically in 21st century. The outlook for the future is for more of the same, although at a somewhat slower pace.

Technological Advancement: Despite a growing awareness of the value of modern, integrated systems, many properties still do not take advantage of them as fully as they might to maximize revenue opportunities. Many also fail to support and secure them to the extent appropriate to the value of their data and to the legal consequences of that data becoming stolen or corrupted. A

significant factor restricting wider adoption is the challenge of improving the systems' ease of use as they continue to grow in functionality, in both operational and guest-facing areas. All of these issues support a trend to outsourcing the more complex operational functions and system security to expert, central staff, either corporate or third party.

New trends & guest expectation: With regard to product and service offerings, hoteliers need to begin a strategy that addresses multi-generational needs, wants and desires. Now, more than ever, hoteliers must offer design and amenities that cater to the special needs of aging consumers as well as younger travelers of new generations who have high expectations in regard to design and technology. The traditional practice of brand standardization flies in the face of this. Hoteliers must adapt and look for ways to enhance all guest experiences regardless of generation. The impact of changing demographics on travel trends is a so far reaching no sector in travel, tourism and hospitality remains unaffected. Whether the subject is the gradual retirement of baby boomers, rampant globalization and its impact on business travel, or the increased demand for experiential travel, the dramatic worldwide shift in demographics poses both challenges and opportunities. These recent and ongoing changes in the demographic environment hold major implications for the hospitality industry in particular.

Revenue forecasting: We can anticipate that it will become increasingly difficult to sustain profit growth and improved return on investment performance. And for several reasons including: 1) increasing operating costs that will outpace the growth of Revenues per Available Room (RevPAR). 2) The rising costs of capital and the need for reinvestment that will adversely affect hotel returns. 3) Increasing labor and benefits costs that are being driven by changes in demographics, government regulations and labor agreements, and 4) higher energy costs.

Licensing Issues: It is a well known fact among the local and international investors that India is a difficult country to start a business. It ranks 132 among the 185 countries in terms of ease of doing business due to issues related to licensing. The current regulatory environment in the country makes hotel development a difficult terrain for owners. Beginning with the land acquisition stage, for which the archaic laws differ from state-to-state, to securing approvals and licenses, an owner faces bureaucratic bottlenecks irrespective of whether he uses a top down or a bottom-up approach to cut through the red tape, though the former is likely to yield quicker results. There are numerous licenses and approvals (can add up to more than a 100 in some states) that one needs to get in present times to open a hotel in India leading to loss of time, effort and money. Furthermore, the various bodies giving approvals/issuing licenses tend to work in independent silos, leaving the coordination up to the applicant.

Safety and Security: Shweta Ramsay in 2014 has reported that, since the 26/11 attack the hospitality industry has continuously been fighting with every challenge in respect with terrorism and other security risks by adapting to new technologies and training the security personnel and other employees as well. Today, there is a sea change in terms of security to protect guests and

property from any kind of damage. Before 2011, hotel staff did not focus a lot on the security department. It was just a supportive department that focused on guest related operations. However, after 2011, there was a drastic change in thought process of hotel managements. People started security centric programmes and protocols. Good amount of money was pumped in to enhance the security of guests and the property. Extensive awareness and training schedule was created for the guards and security personnel. Newer hotels under development relooked at their design aspects with greater attention given towards integrated surveillance systems, advanced lock and access control systems, and sophisticated asset protection tools.

Hill Districts in Uttarakhand:

1. Uttarkashi
2. Chamoli
3. Tehri Garhwal
4. Pauri Garhwal
5. Rudraprayag
6. Pithoragarh
7. Almora
8. Bageshwar
9. Champawat

Major Problems in hilly area:-

Uttarakhand is placed among the top 10 most preferred tourist states in India, boasting of 4.1 per cent domestic tourists. According to 2010 data, approximately 31 million domestic tourists and 0.13 million foreign tourists visited the state. The fact that two of India's largest, most worshipped and sacred rivers, Ganga and Yamuna, originate from the glaciers of Uttrakhand is good enough reason to account for the humungous tourism inflow in the state. In addition, the multitude of Hindu pilgrimage spots, breathtaking scenic beauty of several hill stations and unique flora and fauna, attract millions of people. This is why However, despite so much tourist inflow, there has been a slow pace of hospitality in "The Land of Gods". Some of the major problems of the state are:

Infrastructure & Connectivity:- Hilly scenery of Uttrakhand is beautiful enough to attract a vast number of tourists to the state but it also poses many problems for the hospitality and tourism industry of the state. and infrastructure facilities in the state are deteriorating and "no major steps are taken to rectify or rebuild the infrastructure, because of the geographic conditions of Uttrakhand it requires special attention to develop its infrastructure and connectivity in terms of roads, rail capacity and airfares are the biggest obstacles in the growth of this state as a tourist destination. Until this problem is resolved it will be very difficult to promote tourism industry in India and ultimately it will affect the hospitality industry of Uttrakhand. The crossings that had to be widened to ensure free flow of traffic have yet to be completed resulting in traffic snarls. One department conveniently blames the other for non-completion of the job.

Recreational & Entertainment facilities:- Guest usually preferred hilly area for recreation and entertainment. Guest needs to enjoy and spend time in a leisurely mood. There is no entertainment facility as compare in developed country.

Natural disaster:- Natural disasters in the regions occur primarily due to geological instability or hydro-meteorological variability. Apart from earthquakes, the state is also vulnerable to flashfloods, avalanches, cloudbursts, droughts and forest fires. Other than these, landslides are another major hazard that threatens the region. These problems also affect the hospitality industry in the state because it creates the fear in the mind of the tourists.

Suggestions:-

1. Connectivity should be increased in hilly area to attract the tourist.
2. Hilly area has scenic beauty. So, adventure sports, traditional yatra route, and eco-tourism and leisure tourism should be promoted.
3. Tax policies should not be complex in order to maximize hotel business.
4. Accessibility is the major component of tourism. So, infrastructure must be improved to attract the guest.
5. Natural disaster is a big issue. So, there should be effective disaster management to handle the situation.

CONCLUSION:-

It is concluded that hospitality industry is growing at fast pace but simultaneously facing difficulties. Especially in hilly areas of Uttrakhand which has vast potential for hospitality industry, faces so many difficulties due to its geography and climate. If government takes significant steps in this direction like infrastructure development, improve connectivity, promotional activities, safety and security or proper disaster management etc. then the conditions will significantly improve which will lead to the increase in number of tourists in Uttrakhand which in turn increase the number of hotels and it will improve the GDP of the state.

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