



Issues and Challenges faced by Hotel Industry in India

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ABSTRACT

The paper aims to highlight the challenges and major trends in India's hotel industry. The study portrays the main characteristics of the hotel industry and the level of competitive change required for survival in the global market. There is a phenomenal change in the consumer expectations from the hotel industry in various parameters like hospitality, hygiene and security etc. The Industry needs to devise new and innovative ways to manage and sustain its growth for its long-term survival. The paper concludes with certain recommendations to overcome the challenges faced by the hotel industry in this competitive era.

Keywords: *Challenges, Trends, Characteristics, Hospitality.*

I. INTRODUCTION

Globalization has given a boon to many industries and one of the key industries propelling the nation's economic growth in India is the hospitality sector, which is led by the hotel market. The hotel industry is changing at a rapid pace and is forever due to changes in markets and trends (Chakrabarty, 2016). Hotels in India are categorized according to their geographic setting (cities, airports, resorts, etc.), degree of service (upscale, mid-market, and economy), and themes (boutique hotels, heritage hotels, etc.). The hotel industry has shown indispensable growth of expected around 1,210.87 by the year 2023 (marketresearch.com, 2019). The trend of observing India as a tourist place is rising and many foreign tourists visit India to enjoy its cultural heritages. Further, Business delegations and corporate bend toward the Hotel industry as the most ethical and valuable place for celebrations have given a new platform to the hotel industry (Teja & Sarkar, 2021).

India provides a large variety of tourism where varied locations are blessed with beautiful visions giving every type of environment a traveller is in search of. From beautiful stays in the Himalayas, fell like a king and queen in palace stay in Rajasthan, Goa sunbath and beaches attract international tourists the most and it provides every type and range of accommodations to its customers/tourists/business travellers (Keelery, 2022). Similarly, for nature-loving people, Kerala tea gardens and backwaters are amazing places to visit. From all four regions, India possesses the capability to contribute enough to the economic development of the nation if this sector and its supporting sector Hotel Industry are synchronised efficiently. The Indian hotel business is still struggling when compared to global norms. India's reputation outside is that of a nation plagued by diseases, insecurity, political



instability, and extreme poverty. This in return poses a major challenge for the hotel industry to meet global norms and global clients (Chakrabarty, 2016). This gives the hotel and tourism industries very bad reputations. Financial, political and economic support to perform and develop is very much need of the hour.

II. OBJECTIVE OF THE STUDY

The present study aims to understand the present situation of the hotel industry in India and to elaborate on the various challenges faced by them. The study focuses on the major challenges faced by the industry which in turn would help its stakeholders to evaluate the industry growth shortly.

III. RESEARCH METHODOLOGY

The paper is based on descriptive analyses. The research is done through published sources relating to Hotel Industry in India. Through various articles, newspapers and authentic sources, the study tries to figure out the growth and challenges being faced by the hotel industry in India.

IV. KEY GROWTH DRIVERS OF THE MARKET

Before the Pandemic 2019, the hotel and resort market was crowing at \$1.52 trillion dollars in 2019 and expected to reach \$1.06 trillion dollars by 2022 but the pandemic gave a huge setback and the market capture fall under 1 trillion dollars (Lock, 2022). In spite of the huge impact of a pandemic on the hotel industry; it still shows growth and its demand is increasing day by day. However, hoteliers must focus on aesthetics and new competitors in the market. Opportunities exist for the budget hotel category and economical stay providers (Devendra, 2001). The demand for heritage hotels and resorts is rising due to the hectic lifestyles of people.

Government should develop enough infrastructure to promote tourism like airports, railways, waterways and highways which in turn provides business to the hotel industry. Further, easy fulfilment of regulatory norms and guidance in the same can motivate hoteliers to perform during difficult times (Shukla, 2016). Together hotel and tourism industry should innovate new measures for attracting customers. Activities conducted/planned by the hotel staff/managed for the entertainment of visitors should be highly safe and all precautionary measures should be intact.

The major driver for the growth of the hotel industry is the consumer mindset and through the appropriate use of technology, this industry can reap the maximum out of it (Anon, 2022). Focused approach towards automation and design can be a biggest driver for expanding business.

Above all the Location of the hotel adds value to its sales (Thompson, n.d). The more it is in reach and scenery place the more people are attracted towards it, for example, small areas in Himalayas side are the place of tourist destinations to explore more and stay with mother nature.

V. ISSUES & CHALLENGES FACED BY THE HOTEL INDUSTRY IN INDIA

Customer service is the most important element of the hotel industry. Along with the promotion of tourism, the government should take appropriate measures and frame strict rules and regulations to support and promote tourists (Rentikol, 2022). The hotel industry is dealing with a wide range of difficulties because of rising client



expectations for high levels of hygiene, first-rate service, and personalised experiences. Today's hotel operators must exceed expectations at every stage of their guests' stays to sustain long-term profitable development in the face of rising competition, in part due to the expansion of the sharing economy (Rentikol, 2022). In the era of digitalisation, customers have advanced means to verify the stay and its ambience well in advance of their visits. Online sites provide ratings and views which in turn affects the hotel industry as a challenging task to update itself everywhere and in all aspects (Hussain & Soni, 2019). The various other challenges are as follows

1. **CLEANLINESS**

For the utmost survival of a hotel in stringent competition the first impression and overall environment in terms of hygiene and freshness is the topmost concern. Consumers are ready to spend luxuriously for a comfortable stay. Housekeeping services need to be proactive and clean always.

2. **TECHNOLOGY**

This segment is a boom and a challenging side by side for the hotel industry. People can take a holiday from work but never take a break from technology. The hotel industry needs to be updated with the latest technology and registered on all legal sites for promotions. Guests on arrival are always looking for free and high-speed net connectivity any variation in this service normally lands up in trouble for the staff of the hotel (Kashyap, 2014). The same applies to the hotel sector just like the world is revolutionising in technology. In February 2017, the Oracle Hotel 2025 poll found that customers are willing to interact with brands that provide cutting-edge technologies if they feel in control of their experience (Rentikol, 2022).

3. **MEANINGFUL EXPERIENCES**

With rising technology humans are always in an opportunity to capture the moments. The hotel industry is considered one such place where the customers try to gather and capture the best of the time apart from location views. With new and innovative ideas hoteliers should always be way ahead in terms of celebrating occasions and giving customers lifetime memories through their amazing services and real dining experiences like candlelight dinner with music and the best environment around. Even if it's true that experiences may be more applicable to the world's luxury/five-star plus hotels, they should be viewed as an extension of the excellent customer service already provided by hoteliers (Kashyap, 2014).

4. **EXCELLENT SERVICE**

If a customer is ready to spend as asked by the hotel then it is the implied duty of the hoteliers to give more than what a customer expects and exceed the word excellently. Staff and supporting staff should be well trained and qualified and all customer queries should be handled more amicably. It's a win-win situation for the hotel and customers if they both are satisfied as it provides a hardcore loyalty of a client for planning all its future. The phrase "*The customer is always right*" may have been coined in the retail sector, but it is highly relevant to the hospitality sector.



5. SUSTAINABILITY

The main aim of investing in such an industry is sustainability. It's the organisation's concern for its environment. Corporate responsibility initiatives may help hotels gain consumers and confidence while also benefiting staff, the environment, and revenue, as smart hoteliers are aware. By concentrating on reducing food waste, general waste, water consumption, and energy consumption, hoteliers have numerous chances to improve the perception of their business as having a positive impact on the environment.

The Indian Hotel Industry faces many more challenges like manifold license sanctions from various government agencies which in turn delay the assignment and possess a major threat to the hotel industry and such sanctions are many times backed by corrupt practices by both parties(Kashyap, 2014).

VI. CONCLUSION

India being a developing nation poses a lot many challenges to the hotel industry for its survival and sustainability. Such studies can highlight the possible problems the hotel industry faces and in order to face the global market, many amendments at the local and government level are required. As the government of India promotes the tourism industry as per one of its objectives to support the economy it in turn should develop strategies to promote and upgrade the hotel industry of creating a balance between tourists and the type of comfort they are looking for in Indian hotels. Through the support of technological advancement new and innovative methods should be developed to enhance the bond between customers and develop loyalty toward the brand. Government should set a standardized mechanism of taxation in the country. Tourist friendly environment should be supported and promoted. The system of sanctions should be digital, quick and transparent.

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