

# Marketing Dynamics In Hospitality Landscape: Emerging Trends And Future Obstacles

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## Abstract

The hospitality sector is undergoing a paradigm transition and has grown significantly since its founding. Rapid industry expansion is expanding the range of job options available to qualified and experienced hospitality professionals. The hospitality and tourist industries have made vital contributions to the economies of the main developing nations. For hotel businesses to be viable and competitive, innovations are absolutely necessary. Industry heavyweights and stakeholders must discover new strategies for growth in order to stay competitive in an increasingly cutthroat climate. Examining and identifying the paradigm shift in the hospitality sector is the aim of this paper. In order to be the greatest service provider, hoteliers are bringing innovations to the hospitality industries, which will also be studied in this article. The research paper also addresses the difficulties the hospitality sector faces in implementing innovations in the sector.

**Keywords:** Hospitality, Innovations, Trends, Challenges, development.

## 1. Introduction

According to a UNWTO research, international tourism increased by 6% in 2018, despite unstable economic conditions, making travel and tourism one of the fastest growing industries in the world. The hospitality sector is growing, and in order to stay ahead of the competition, it must adapt and operate strategically. Governments, cooperative organizations, and aspiring business owners have taken notice of the hospitality industry due to its robust character. The first motel in California gave way to upscale, luxury hotels as a result, marking a significant shift in the market. The hospitality sector has experienced significant growth since its founding and is currently undergoing a paradigm shift.

The industry is going through a rapid growth and is creating the scope of employment opportunities for the skilled and trained hospitality professionals. The major developing countries have elevated their economy through the invaluable contribution of hospitality and tourism industry.

Tourism and hospitality have gone through the significant changes in past decade, Go and Pine (1995) and Guerrier et al. (1998) claims that the reason for the change is because of the globalization. Apart from globalization the more and more hoteliers emerged in late 90's and early 20's and also strong brands emerged in the market which effected the hospitality sector to greater extent. The industry is one of the largest service sectors in contributing the Indian Economy, it is an essential source of foreign exchange earnings. According to Department of Industrial Policy and Promotion report (2011) the total market size composed by tourism and hospitality is US\$ 117.7 and this is expected to US\$ 418.9 by the year 2022. The hospitality sector in India is growing exponentially at an annual growth of 15%, the Government of India has been instrumental in extending the support for infrastructural development and the promotion of the industry at international level. The tourism policy in the country is not only to develop the hospitality industry but also garnish the skilled and professional labor for the industry, the ministry has framed various courses and schemes in collaboration with National Council of Hotel Management to produce the professional service providers to cater the guests. The Government also aims to implement various tourism and hospitality projects, develop tourism circuits, organize various capacity building programs and continuously frame new marketing strategies. The industry has potential of high employment with approximately 90 jobs for per 10 lakh rupees.

Since offering the greatest services to customers is essential to the success of the hospitality industry, business owners are constantly working to cultivate a positive reputation. per Devonish and Jonsson (2009). In this market, the top hotels are those that prioritize quality and guest happiness. In the hospitality industry, a new ideology is gaining traction, according to which managers should delegate authority and resources to their staff members because doing whatever it takes is crucial to success. Walker (2010)

## 2. Review of Literature

The theories of economics used to neglect the innovations in service industry as theories of innovations in this industry are adopted observations. The main aim of innovation is visible by the modification in existing product or service to make it better. The improvements may include use of new techniques, technologies or enhancing the existing characteristics. The concept of innovation in terms of economics was first developed by Schumpeter in 1934 and explains the process of innovation as emergence of new products, new process, enhanced form of raw materials so that a products or services of an industry get a new shape. As per Nelson (1982) the importance of innovation in economic upliftment attracted the attention of various authors in the present era. The European Commission (2004) stated their arguments on innovation as recycling of variety of products and

services in the market; new methods of production; change in management setup, workplace and skills of worker.

- **Paradigm shift to services orientation**

Following the 1929 financial crisis, social and political wellbeing started to be reevaluated conceptually. By enacting more laws and regulations, the government began to play a bigger role in business. The 1930s saw a noticeable shift in the social and economic environments as well as a further development of the marketing process. Customer rights were prioritized in the development of new towns and cities, and traditional commercial operations were replaced with customer-focused ones.

Any such marketing campaign's primary goal was to identify consumer interests, which also assisted in the expansion of the target market. The hotel and tourism industries have seen significant change as a result of technological advancements and business improvements. A few creative instances of these developments include the use of phones as key cards, mobile bookings, kiosk check-in, electronic check-in, and more. The services' innovations may function in the back end and be either apparent or invisible.

In light of the idea of competitive advantage, productivity is frequently linked to quality production efficiency. As a result, businesses in the hospitality and tourism industries began to invest more in innovative products and services to stay ahead of the competition. Innovation is more important in order to lower production costs, add value to products, and improve marketing. Weiermair (2006).

**Table 1. Conceptual perspective for innovation in services**

<b>Theoretical Perspective</b>	<b>Assimilation</b>	<b>Demarcation</b>	<b>Integration</b>
<b>Type of innovation</b>	technological	non-technological	complex
<b>Characteristics of innovation</b>	<p>equates or reduces innovation in services to the adoption and use of technology</p> <p>considers technological or visible modes of product and process innovation</p>	<p>leads to new typologies for innovation in services: non-technological types of innovation such organizational innovation, ad-hoc innovation, and marketing innovation</p>	<p>shows convergence between manufactured goods and services in regards of innovation</p> <ul style="list-style-type: none"> <li>· includes technological and non-technological innovation</li> </ul>
<b>Innovation framework</b>	<p>attempts to assimilate services within the consolidated framework used for manufacturing sectors and manufactured products</p>	<ul style="list-style-type: none"> <li>· attempts to develop a specific framework for service innovation, while attempting to highlight all the specificities in service product and production processes</li> </ul>	<ul style="list-style-type: none"> <li>· attempts to develop a common conceptual framework, able to account for an enlarged view of innovation that is applicable to any tangible or intangible product</li> <li>· proposes a new taxonomy of innovation in services based on a new definition of product</li> </ul>

(Gallouj &amp; Weinstein, 1997)

Innovations and new forms of service developments are vital strategic features to guarantee the sustainable wealth and growth for any industry. The process of bringing change and developing something new refers to innovation, it is re-generating, re-organizing, cutting costs, betterment of existing and etc. In business the change, shift or innovation means developing or introducing something new in the market or in the organization, Schumpeter (1934). Hotels can be directly benefited from service innovation, Reid and Sandler (1992). The hospitality industry refers to a large group of hotels that are known for providing basic services in travel and tourism to the travelers, Walker (1996) The benefits of this change can be financial or increase in quality by nature. The innovations can be at international level and are usually implemented after thoroughly studying and analyzing the current scenario. The findings of the study by Fernandez and Suarez (1996) revealed that hospitality industry can achieve the competitive advantage by investing in trainings, education, innovation and creativity programs. Amablile (1996) explains innovation as best way of implementing the new ideas, change in trends and stresses that creativity within the individual or group of individuals is from where innovation begins. Amablile (1996) further states the implementation of new ideas and developing new innovations is vital because the lifestyle is changing globally and people are search of new trends, and also says that the innovations manage the flexibility and keep an open scope of creativity. Hjalager (2002) states that innovation determinants can be allocated outside tourism industry, which means it is necessary to develop changes by interacting with other agents who are not directly part of tourism industry.

As per karmarkar (2004) the hotel managers are required to be proactive and focus on changes more efficiently in context to wants and preferences of customers to keep their position maintained in competitive environment. As there is the paradigm shift in hospitality, now many researches are been done regarding what best organizational innovations can be developed but the research is still at the nascent or inception phase, Puccio et al., (2006); Huhtala and Parzefall, (2007). Hall and Williams (2008) came up with the model that distinguishes innovation on three lines (I) Incremental: which suggests that this kind of innovation doesn't require change in market or technology but aims at improvement of business growth, e.g. acquisition of more sophisticated cars for rent; (ii) distinctive: it's the change that organization is terms of demand and getting the following changes done, e.g. improvements in online booking of air tickets; (iii) breakthrough: it includes implementation of new technologies, making an effort in easing the work for customers e.g. self-check-in at airport. The significant initiatives for innovations in hospitality industry are being constructed in relation to technology; organizational and human capital development, Repnik (2008). However, Iivenkove & Kuznetsov (2009) writes if a hotel or whole of hospitality in not active in process of innovation, the performance of hotel will diminish and it won't be competitive anymore. According to Prester (2010:14) innovations means the change existing product or service for the improvement of service or product. It was also found that the innovations have helped in raising the revenue management, Paco and Perez (2013). In hospitality industry changing trends are exhibited through potential to bring different innovations, that will bring a positive development in the hotel, Zaitseva (2013). The

changes in hospitality industry follow a track of service innovation modes, which usually differs from product innovation, Gremyr et al. (2014). This type of innovations has advanced operational efficiency and at the same time has created more value for customers. Since innovation process is continues and it has led to improvement in the service quality, Sorescu et al. (2011). The service quality improvement is experienced by forecasting needs and wants of customers, reduction in used capacities and a gradual increase in efficiency and productivity. The innovation in service is the way of creating more value and offering new services to the customers. Incase of tourism and travel examples are like introduction of luxury suites of aircraft A380, new augmented tours, new forms of tourism, newly introduced distribution channels and etc. The scenario of hospitality and tourism industry nowadays is totally different and better from decades ago.

As per the report of Industry News, (2015) the present millennial is search of new innovations, trends and creativity to utilize the technology available in the best possible way so as make experience better. The present generation travelers are more found of online reservation systems and the online booking system is growing quickly as there are huge technological advancements, Gehrels (2015). Now a day's customers are becoming more self driven and prefer using mobile technology, be more engaged with social networking and other media thus creating a need for adapting new models and approaches to develop experience of the customers, McGuire (2015). These innovations are important as these bring on incremental change in the hotels. According to Victoria et al (2015) most of the guests prefer hotels that provide special offers because of their budgetary constraints, similarly findings of some more studies concluded the creativity, development or innovations help in reducing the costs, provides enhanced services and gives a better value of money to the guests.

### 3. Research Methodology

This paper attempts to theoretically review studies conducted by researchers and practices followed by organizations. Secondary data was the main source for data collection. The secondary data was collected from reports, journals and magazines. Data was also collected by surfing the net and the relevant websites.

#### *Objectives of the study*

The study has been conducted to achieve the following objectives:

- To assess the state of the Indian hospitality sector at the moment.
- To identify new developments and evolving trends in the hospitality industry.
- Researching the difficulties the hospitality sector faces in implementing innovations in the sector.

#### 4. Innovations and recent trends

**Safety and security:** The safety and security of visitors is one of the hospitality industry's top concerns, and the sector is mostly overcoming these obstacles with the use of cutting-edge and creative security solutions. The hotel management's top focus must be the customers' personal safety. Waker (2010). Global hotel chains, airport management corporations, and airline firms have improved their security protocols by implementing cutting-edge security procedures and allocating substantial resources to further increase security. Programs for property security must undoubtedly include strategies for dealing with, discouraging, and averting events. Stipanuk and Ellis (1999).

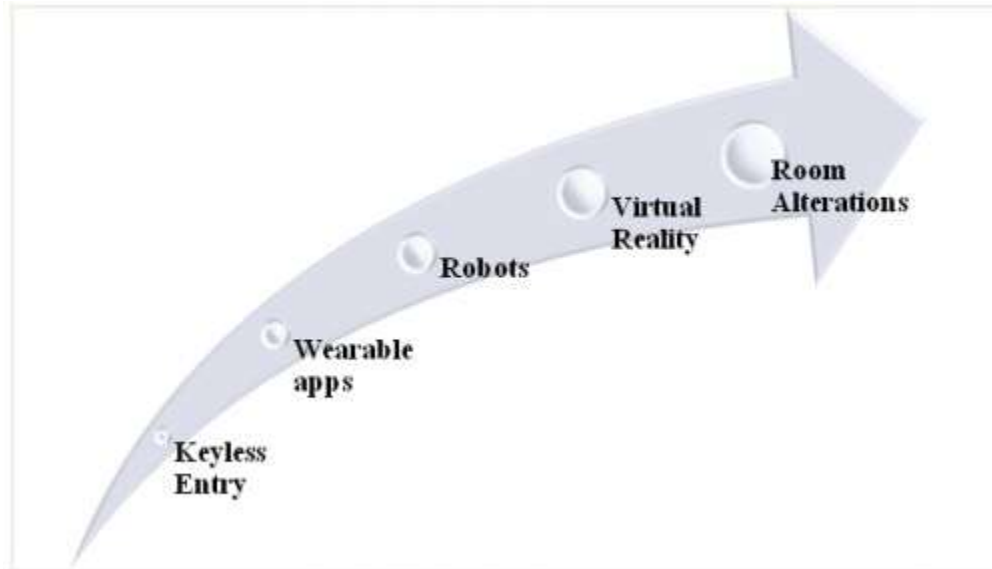
Thermal imaging cameras that work through the smoke are now a days installed by the most of hotel chains, use of retina and fingerprint biometric identification, wireless-transmission of in room smoke detectors, credit-card/ electronic accesses are few latest and innovative technological developments used by the hoteliers to advance and better their security. Although the cost of implementing these devices is hampering the process but the insurance companies are providing the cover. As per the latest court verdict in Florida, Texas and Wisconsin have suggested that just the standard key-in-knob lock system is not sufficient security for a hotel room.

Innovations can be seen in adopting safety against the fire incidents, e.g. new wireless transmission system where smoke detector alarms, the detectors were officially by the National Fire Protection Association in January 2018 and these can help in fire safety effectively.

**Technology:** The advent of technology has played a huge role in diversifying the behavior of tourists. At present it is very difficult to accept the lifestyle without technology and the hospitality industry is no exception, various innovations in technology have changed the scenario of operations in hotels. The innovations like hassle free check-in, I-Concierge app and other software's has eased in the guest handling procedures. There is regular research in enhancing the technology to ensure that guest stays in ease and with convenience. The innovations have utilized smart phone to replace of hotel key card. Hotels at present are widely invested in technology to reduce the costs, add to productivity and enhance service quality, Bilgihan et al. (2011). Hoteliers across the globe are very much dedicated to the sustainability of the environment and are conducting various programs in this regard. The industry is taking full use of technology in order to reduce the energy and resources. The environmental goals were launched by Starwood's in the year 2009 and focused to reduce energy by 30%, and reduction in water usage by 20% across the world by 2020. One of latest technology adopted by the hotels to save power is the motion sensor technology which helps in turning off the lights and reduction in room temperature automatically, the amount of reduction in light is depends upon the light coming from natural sources and reduction in temperature is depend upon the if the room is occupied or unoccupied.



## Evolution of new technologies in hotels since 2014



(adapted from Euromonitor, 2015)

There has been an exponential increase in the emergence of travel sites and these platforms are giving a convenient experience and with the advent of technology the role of traditional travel and tour operators is getting less as online booking of tickets or reservation of hotels is providing customers with a bundle of opportunities with a click. In a process of innovation through technology the hotels are exploring different options like automated check-in/check-out. Now the concept of wearable technology is being adopted by the top hotels where guests have more access to the technology to enhance their experience. It is a sort of room automation to make the guest more comfortable so as to avoid unnecessary human interaction. The various types of wearable technology used in the hotels are smart watches, robots, smart TVs, and etc.

**Boutique Hotels:** The innovation is very famous in the hospitality industry, it's a unique feature of a hotel having 50-100 rooms with customized decoration and beautification. The growth and emergence of lifestyle and boutique hotels is one of the most trending and new developments in the hospitality industry. The world-famous hotel chains like Marriott, Holiday Inn, Hilton and etc. are regularly providing guests with innovative lodging products and services across the globe. It has been seen that more people are showing interest in these boutique/customized or theme-based hotels. According to Mintell, (2011) from Dubai to Las



Vegas the boutique hotels are rising as the emerging segment of hospitality market. Leading hotel chains such as Morgan's hotel group; Starwood; joie de Vivre, Hyatt and etc. are in race of developing these lifestyle hotels. Following the trends seen in behavior of guest who were in search of properties having unique features with sophisticated and innovative environment this paradigm shift was seen in hotel development. The uniqueness or differential elements in the hotel makes the stay memorable for the guest, Forssen & Franchetti (2004). The basic aim of this innovation was the separation of competition. There are many concepts related to boutique hotels that created bit of confusions in the market, to overcome the confusion, BBLA (Boutique & Lifestyle lodging Association) came up with a typology given in the table

**Revenue Management:** The process of revenue management is the sequential and step by step actions taken by the revenue managers of a hotel in tactical, strategical and operational manner to manage the revenue. Its one of the important areas of innovative development, Sanjeev and Jauhari (2012). Hotel revenue management binds various matrices that support to reveal the options for enhancement of revenue. If the dynamics of process is well managed and is based on the sound data drawn from the internal sources of hotel, it will be supportive in decision making, Ivanov (2012). Hotel chains like Hilton, InterContinental, Starwood and Marriot Sheraton are the early adopters of the effective techniques and approaches like Revenue Management, Jiang (2014). The adaptation of best techniques like revenue management is crucial for overall management of hotel operations. However there is paradigm shift in innovative approaches and there is a room of further development in bringing innovative mechanism for leveraging optimization of revenue. The hoteliers need to put focus on optimizing per room revenue by managing the costs of guest acquisition or leveraging inventory control methods.

##### 5. Challenges faced by the hospitality in bringing the innovations in the industry

The hospitality industry is showing immense contribution in socio-economic developments, the industry is doing excellent in adopting new technology, enhancing security system and etc., but then industry is confronted with various challenges that act as a barrier in development and implementing the innovations. As per the reports given by International Society of Hospitality Consultants (ISHS), the major challenges faced by the hospitality industry are as follows.

**Escalating operating cost:** The operating expenses are on rise because of the advent and sophisticated path industry is leading to. The cost for labor, construction, innovative ideas, renovation, construction, maintenance and etc. are classified as major expenses for the smooth and effective running of hospitality industry. Various international and well-established local brands are changing the standards of their brands and are lifting the bar of their hotels by providing enhanced services, amenities in order to gain the competitive edge in the market over others which results in high operating costs the hoteliers. At times it is challenging for hoteliers

to bring Evolving Customer Expectations changes and innovations due the hike in implementing costs.

***Evolving Customer Expectations:*** The top most priority of any player of the hospitality industry is to satisfy and foresee the customer/guest needs. The behavior and to understand what rightly satisfy the customer is never an easy task; the customers now a days are more sophisticated users of technology and also believe in self research while buying or selling the hospitality products. The customers are no more blindly following the chain mentality and this gives rise in creating the customized and unique experiences while maintaining the bottom line. This resulted in adaptation of more sophisticated market approach in order to reach customer more effectively and efficiently. The true form of differentiation is quite challenging to achieve in hospitality as the luxury market is becoming more mainstream because of increasing competition.

***Natural disasters:*** The confrontation of natural disasters are major challenges to industry across the globe and researches have proved the fact that most of the prime centers for tourist attraction are disaster prone areas. Be it the trending globing warming or cyclones or earthquakes or floods, the cycle of natural disasters have significantly increased. The travelers are seen preferring the destinations that have less perceived level of risk. The post disaster situation and consequences put the destinations in a challenging position to come back or revive. The resources and reserves are utilized in renovation of local infrastructure drain out the funds that could have been used in enhancing the industry or that could had led to innovations and economic development.

## 6. Epilogue

There has been a notable increase in the expenses of both service providers and travelers due to the rapid growth of global hospitality and tourism. Breaking prejudices and fostering a unique relationship between people from diverse backgrounds and regions has been made possible by the tourism and hospitality industries, which have been key drivers of employment creation worldwide and have helped combat mistrust and terror. Rifai (2016). The trends that are most impactful on the hospitality are the increased concerns regarding the safety and security of guests; the change in the technology which plays an important role in contributing towards improved and enhanced guest services; the variety in workforce composition and etc. are the important factors and parameters in changing trends of hospitality industry. The emerging trends in hospitality are leading to an obvious change in their delivery. The process of change maybe expressed as innovation in technology, enhancement or modification services or products. Innovations in hospitality target the satisfaction of customer needs and also increases in the competitiveness of hotels. Furthermore, the hospitality analysisists need to look for more productive option to tackle the challenges and issues faced in adapting or implementing the innovations.

The introduction of new technologies, a greater emphasis on boutique hotels, better guest service, and other developments are anticipated to shape the future of hospitality. The hotel industry's future trends include an increase in eco-lodges and green hotels, the construction of megahotels, boutique hotels, intelligent hotels with cutting-edge technology, and the idea that guests' real and virtual social networks will serve as the most effective distribution channels. All things considered, it can be said that there is room for development in all areas of innovation, primarily organizational innovations. The main forces behind competitiveness are innovations and newly developing trends.

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