

A Study on the Impact of Tourism Industry on Hotel Industry in Karnataka State

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Abstract—The tourism industry in India is one of the fastest growing sectors in terms of trade and economy. The growth in this sector is far higher than the rate of growth in other service sectors such as financial, construction and business services. Tourism plays a vital role on economic development like foreign exchange earnings, paying foreign factors of production, exempting duties or taxes for overseas or offering financial incentive to grab the investment opportunities. And other areas like socio cultural and environmental impacts are highly substantial. As there is a significant impact of tourism in these areas it is necessary to highlight the major impact on hotel industry because there is significance relationship between tourism and hotel industry through its dependence on the relationship between types of traveler and the type of hotel. The revenue generation is the main impact of tourism industry on hotel industry followed by employment generation. Tourism development produces many jobs like primary or direct employment in lodging, restaurants, attractions, transportation and sightseeing. Indirect employment in construction, manufacturing and agriculture areas are more labor intensive than other industries. Major growth of tourism leads to development of desirable infrastructural facilities in the country. Thus this research paper will throw a light on major impact of tourism on hotel industry in terms infrastructural development and employment generation in karnataka.

Keywords: Hotel industry, Tourism industry, Employment generation infrastructural development.

1. INTRODUCTION

The tourism industry in India is one of the fastest growing sectors in terms of trade and employment opportunity. Considering the extensive resources and great monetary value this industry serves as a stamina for the essentially service based economy. The Tourism industry is growing at an extraordinary rate and the rate of development is much better than the other service sectors like healthcare, finance and business. To balance the tourism sector the hotel industry is also growing in line with the tourism industry. But the growth in both the industries is affected by economic cycle, exchange rate fluctuations, inflation, and climatic condition and so on. Though there was a decline in growth of the tourism sector in the year 2009 due to economic recession, there is huge untapped potential in this sector. As these two industries are entwined, one contributing the growth of other, studying both the industries and ones impact on the other is of great

relevance to the present times. Hence the present study focuses on the current scenario of tourism industry in Karnataka, factors influencing tourism and hotel industry, impact on each other and suggestion of some strategies to realize the potential of these industries.

Overview of Travel and Tourism Industry in Karnataka

Karnataka state has the second-highest number of protected monuments in the country, 507 centrally and 750 additional protected by the State Government. The state is also known as the 'Cradle of Stone Architecture'. The state of Karnataka is one of the top ten domestic tourism destinations in India and was ranked 4th in 2011. The state has various tourism assets such as beaches, hill stations, heritage monuments, national parks, wild life sanctuaries etc. Given the variety of the tourism assets, the state is promoted under the tagline "One state, many worlds". Karnataka attracted around 84.68 million tourists with around 84.10 million domestic tourists and 0.57 million international tourists in 2015.

Review of literature

It is felt that the justification of the present study can be clarified by reviewing the available literature on the subject to find out gaps in research before finally selecting the topic for the study. This section presents a review of literature on tourism industry in Karnataka and its impact on Hotel Industry. Here the researcher compiles few studies which have focused on the tourism industry.

Information source for selecting Hotels by tourists:

Lim (2010) identified that benefits of convenience, affordability has resulted in adoption of internet technology by tourists for their tourism planning. Ye *et al.*, (2009) found maximum number of consumer reviews on hotel room sales and business performance of hotels. This indicates the extent of adoption of internet technology by tourists.

Tourists depend on online mode for travel information as revealed by many surveys. Though the International tourist prefers travel magazines and guides, TV channels, Tourism expo, internet is the widely used media for tourism. (Litvin, Goldsmith, & Pan, 2008; Sigala, Lockwood, & Jones, 2001).

Interrelationship between Tourism and Hotel industry:

There is a close inter linkage between tourism and hotel industry as they impact each other. The success of hotel industry depends on tourist's inflow to the country. Tourists visit for reasons like rest and relaxation, business, attending conferences and seminars, sports and recreation, health and religious reasons and so on.

According to Go and Pine (1995) hotel industry is an important cog in the wheel of tourism and hospitality industry and International hotel industry represents a very big share. The hotel and hospitality industries, generally, is a tourist driven industry. Hotel and hospitality industries become competitive if they give importance to tourist's taste and preferences rather than profit. This necessitates that they would have to invest a great deal of money, time and efforts to establish their own image. Hence, it is valuable that hotel and hospitality management have to initiate programmes that will teach their hotel personnel and staff the value of providing quality service at all time since satisfaction of the tourists is usually obtained through quality service which in turn results in consumer and retention of tourists, increased profitability, and enhanced brand image. (Clark, 2001)

Reasons for stay in a particular Hotel:

Medlik (1989) in his study stated that a crucial role is played by hotels in providing facilities like meeting and conference, entertainment and recreation.

Independent (2009) reported that there are upcoming events in the United Kingdom which will attract large number of visitors like London Olympics 2012 and rugby World cup 2013. Such events provide the United Kingdom Hotel industry and the tourism sector as a whole with many opportunities.

The demand for Luxury hotel rooms will increase by about 27% in 2012 and is a clear case for building and running additional hotels in London. This increase in demand is caused by International sports like Olympic and Paralympics games scheduled to happen in London in 2012 (Price Water House Cooper 2009)

Different kinds of hotels

Deluxe hotels usually have a minimum star rating of five as they would have décor and appointments of luxury. They would have every conceivable comforts built into the guest experience. Dubai has the highest starred hotel, the Burj-al-Arab where rooms are suits that gives a panoramic view of Persian Gulf, where rooms are fitted with remote control window shades, gold plated taps, etc. The guests are transported to the hotel from the airport by the hotel helicopter that lands on a helipad on the hotel roof top. Breath taking aerial views from the restaurant on the top besides the undersea view from the restaurant below is the best part of the views. These hotels exude lavishness and are available only to those rich people who can afford the stay. Some of these

business hotels provide individual butlers and specialized cuisines.

Business Hotels: These hotels target the business and corporate traveler through facilities like meeting rooms, business center, and state of art telecommunication systems. Other facilities like library with internet facilities, private lounge, and transportation facilities.

Resorts and spa are located at manmade and natural sites. Resort hotels will be found at beach side resorts, forests, waterfalls, canyons etc. Yabuli Ski Resort, jog falls, African safari parks, Kovalam beach resort etc could be examples of resorts nearby the natural resources. Leaning tower of Pisa, Vivekananda rock memorial at kanyakumari, are examples of man-made marvels. Resort hotels are location/site centric hotels catering to the visitors of those sites. Seasonality affects the pricing at these hotels and they would have all-purpose single dining hall and the cuisine depends on local resources.

Convention and conference Hotels: Plenary halls with large seating capacity and smaller group break out meeting rooms for concurrent technical sessions, registration lobbies, and office automation facilities are remarkable features of such hotels. Large parking lots, auditoriums, twin bedded rooms for the delegates are a common feature.

Andrews S (2009) has classified the purpose of travel into leisure, business, conference and seminar, sports and recreation and health

Leisure

Free time is a great opportunity that is utilized by tourists. The value of leisure has increased as people find it difficult to get it and the stress created by work and other pressures makes leisure a hope for rejuvenation. Leisure travelers are easygoing and not bound serious by time when compared to a business traveler. They like to have brunches and high tea, evening entertainments and a casual and fun staff.

Business

Business as a purpose is age old. The advent of teleconference, internet and other telecommunication technologies has reduced the purpose for business travel, but nevertheless it cannot be avoided in totality.

Conference and seminar:

Though it overlaps with the Business purpose, it has been separated as the motive of the conference need not be business and can be targeted to academicians and research scholars whose purpose might not be purely business. Apart from the above, the existence of Convention Hotels and Conference Hotels signifies the level of importance of such activity.

Sports and recreation: Huge championships like world cups and Olympic games, Hobbies like sailing, paragliding and skiing, adventure sports like white river rafting, mountain climbing could be various reasons for travel under sports and

recreation. Hotels linked to local organizations that can help the tourists in getting equipment and services will have an advantage over others.

Health:

Health tourism is a new phenomenon. This is the result of people showing willingness to travel long distances for the sake of health. Hospitals, health resorts and health camps are destinations for such travelers.

Review Summary:

From the review of literature it is very clear that tourism and hotel industry are entwined and tourism industry impacts the growth of hotel industry worldwide and it is neither an exception in Karnataka. In line with the above review this study attempts to find out some of the factors of tourism that impacts the growth of hotel industry in Karnataka.

Research Objective: The primary objective of this research is to study the impact of tourism on hotel industry.

- The study the relationship between the type of traveler and type of hotel
- To study the relationship between type of facilities and type of traveler.
- To study the relationship between the type of hotel and reason for their stay.

Scope of the study:

To study the impact it is necessary to define the scope of the study. The study focuses on the factors like revenue generation, infrastructural development and employment generation across the hotel industry in Karnataka. To define the geographical scope of the study the researcher has taken selected areas of tourism destinations in karnataka. Through this study the researcher put an attempt to find out the impact of tourism on hotel industry in selected destinations.

Research Methodology:

The methodology of research describes the procedure for gathering valid and reliable data for the purpose of investigation. Techniques of sampling, data collection procedures and the methods of analysis are included in this research paper.

Primary Data:

Saunders et al (2011) pointed out that most of the management and business researches are either descriptive or exploratory in nature and involve collecting primary data through questionnaire. As this research is descriptive in nature, primary data has been collected using structured questionnaire. The questionnaire was structured by incorporating all the variables required for achieving the objectives of the research.

Secondary data

The secondary data has been collected both from external and internal sources. Internal data were collected from hotel catalogues, annual reports, brochures etc. Certain data regarding the hotels were obtained from websites like www.hotelskarnataka.com, www.karnatakaholidays.net, www.brillianceweb.com and www.karnatakaturism.org, etc.

Sampling Methods

The tourist guests staying in hotels in Karnataka were the sample respondents. Convenient sampling was adopted to select the samples. Convenience sampling involves selecting the sample respondents haphazardly that are easiest to obtain by the researcher. The sample selection

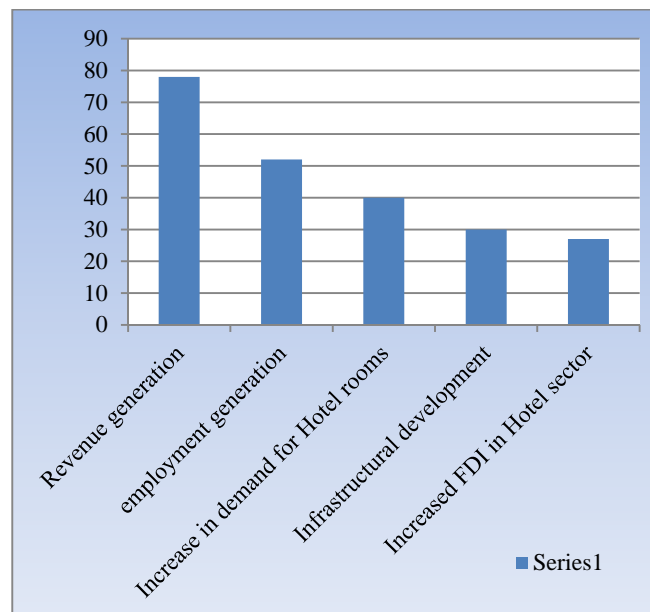
Sample size: The sample size as per calculation given below is 139. The researcher has collected data from 175 respondents which were complete in all respects and that is taken as the sample size.

Analysis and interpretation

Table 1.1: Factors representing the impact of tourism industry on Hotel Industry in India.

Revenue generation	78
employment generation	52
Increase in demand for Hotel rooms	40
Infrastructural development	30
Increased FDI in Hotel sector	27

4.1 Graph no: Factors representing the impact of tourism industry on Hotel Industry



The above data indicates the impact of tourism industry on hotel industry in terms of revenue generation, employment generation, increase in demand for hotel rooms, infrastructural development, increased FDI in hotel sector. Most of the respondents have opined that the revenue generation is the main impact of tourism industry on hotel industry followed by employment generation.

The above data consists of the chi square analysis to determine relationship between type of traveler (adventure traveler, entertainment traveler, rest and Recreation and Business traveler) and frequency of travel (weekly, monthly, and yearly). The Pearson chi-square statistic shows a p value of .825, thus we do not reject the null hypothesis.

2. RELATIONSHIP BETWEEN TYPE OF TRAVELER AND TYPE OF HOTEL

Null Hypothesis: There is no significant relationship between type of traveler and type of hotel

Alternate Hypothesis: There is significant relationship between type of traveler and type of hotel

Table 1.3 Case Processing Summary for the relationship between type of traveler and type of hotel

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Type of Hotel	175	100.0%	0	.0%	175	100.0%

Table 1.4: Cross-tabulation for the relationship between type of traveler and type of hotel

Count	Type of Hotel						Total
	Deluxe Hotel	Business Hotel	Conference Hotel	Casino Hotel	Resort & Spa		
	adventure traveler	10	0	0	0	0	
entertainment	2	0	0	21	0	23	
Rest and Recreation	11	0	0	0	17	28	
business traveler	14	73	27	0	0	114	
Total	37	73	27	21	17	175	

The above data consists of the chi square analysis to determine the relationship between type of traveler (adventure, entertainment, rest and recreation and business travelers) and type of hotel (Deluxe, Business, Convention and conference hotel, Casino hotel and Resort and spa). The Pearson chi square statistic shows a p value of 0.000 which is not significant at 95% confidence level. Hence we reject null hypothesis.

Table 1.2 : Chi-Square Tests for the relationship between type of traveler and type of hotel

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	321.232 ^a	12	.000
Likelihood Ratio	259.198	12	.000
Linear-by-Linear Association	7.424	1	.006
N of Valid Cases	175		

a. 12 cells (60.0%) have expected count less than 5. The minimum expected count is .97.

3. RELATIONSHIP BETWEEN TYPE OF FACILITIES AND TYPE OF TRAVELER.

Null Hypothesis: There is no significant relationship between type of business facilities and type of traveler.

Alternate Hypothesis: There is significant relationship between type of business facilities and type of traveler.

Table 1.5: Case Processing Summary for the relationship between type of business facilities and type of traveler

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Q6	175	100.0%	0	.0%	175	100.0%
Q5						

Table 1.6: Cross-tabulation for the relationship between type of business facilities and type of traveler

Type of traveler	Business facilities					Total
	Internet access	Business center	fax	Board rooms	banquet halls	
adventure traveler	10	0	0	0	0	10
entertainment	18	0	2	0	3	23
Rest and Recreation	28	0	0	0	0	28
business traveler	72	30	6	4	2	114
Total	128	30	8	4	5	175

Table 1.7: Chi-Square Test for the relationship between type of business facilities and type of traveler

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	36.213 ^a	12	.000
Likelihood Ratio	45.635	12	.000
Linear-by-Linear Association	1.689	1	.194
N of Valid Cases	175		

a. 14 cells (70.0%) have expected count less than 5. The minimum expected count is .23.

The above data consists of the chi square analysis to determine relationship between type of business facilities(internet access, business center, fax, board rooms, banquet Halls) and type of traveler (adventure traveler, entertainment, rest and relaxation ,business).The Pearson chi-square statistic shows a p value of .000 thus we reject the null hypothesis.

4. RELATIONSHIP BETWEEN TYPE OF HOTEL AND REASON FOR STAY

Null Hypothesis

There is no significant relationship between type of hotel and reason for stay.

Alternate Hypothesis: There is significant relationship between type of hotel and reason for stay

Table 1.8: Case Processing Summary for relationship between type of Hotel and reason for stay

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Type of Hotel Purpose	175	100.0%	0	.0%	175	100.0%

Table 1.9: Cross-tabulation for relationship between type of Hotel and reason for stay

		Purpose					Total
		Leisure	Business	Conference/seminar	sports and recreation	Health	
Type of Hotel	Deluxe Hotel	34	2	0	1	0	37
	Business Hotel	0	64	9	0	0	73
	Convention and Conference Hotel	0	0	27	0	0	27
	Casino Hotel	6	0	0	15	0	21
	Resort & Spa	0	0	0	0	17	17
Total		40	66	36	16	17	175

Table 1.10: Chi-Square Tests for relationship between type of Hotel and reason for stay

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	547.378 ^a	16	.000
Likelihood Ratio	412.175	16	.000
Linear-by-Linear Association	127.978	1	.000
N of Valid Cases	175		

a. 12 cells (48.0%) have expected count less than 5. The minimum expected count is 1.55.

The above data consists of the chi square analysis to determine relationship between type of Hotel (Deluxe, Business, Convention and conference, casino, Resort and spa) and reason for stay (Leisure, Business, conference/seminar, sports and recreation, health). The Pearson chi-square statistic shows a p value of .000 thus we reject the null hypothesis.

Table no: 1.11: Cross tabulation for the relationship between the type of traveler and the spending pattern

		Q2				Total
		1000-2000	2000-3000	3000-6000	above 6000	
Q6	adventure traveler	7	9	21	6	43
	single traveler	8	11	18	7	44
	Rest and Recreation	8	10	14	8	40
	business traveler	5	6	25	12	48
Total		28	36	78	33	175

The above data indicates the relationship between the type of traveler (adventure traveler, entertainment traveler, rest and recreation traveler, business traveler) and their spending pattern for stay in hotels(1000-2000, 2000-3000, 3000-6000, above 6000). It is found that business traveler constitute a major segment of tourists in Karnataka. It also reveals that business traveler spend more than any other category especially in the range of 3000-6000 INR and above for their stay in business hotels.

5. CONCLUSION

The main objective of this research was to find out the impact of tourism industry on hotel industry in. It is found that though there are several factors representing this impact in the form of increasing demand for hotel rooms, revenue generation, employment generation, infrastructural development increased FDI in hotel sector, revenue generation is considered as the main impact of tourism industry on hotel industry followed by employment generation. This eventually results in overall economic development of the country. This finding agrees with that of (Stynes, 1997), wherein he has stated that tourism industry impacts positively the revenue generation paving way to economic development. The impact of tourism industry on hotel industry may also be revealed by the relationship between the type of traveler and type of hotel; hence an attempt was made to understand the relationship between the two in this research. It is found that there is a significant relationship between them. The preferences linkages are that the adventure traveler prefers deluxe hotel, whereas an entertainment traveler prefers a casino hotel. A tourist whose is a rest and recreation traveler prefers resort and spa and a business traveler prefers business hotel. The interrelationship between tourism and hotel industry is also evident in the form of facilities sought by the tourists in Karnataka. It is found from this research that there is a significant relationship between the type of business facilities in the form of internet access, business center, fax, board rooms, banquet halls and the type of travelers such as adventure, entertainment, rest and recreation and business travelers. Different tourists may have different reasons for their stay in a particular hotel. It is found

from this research there is significant relationship between the type of hotel and reason for stay. The Deluxe hotel is preferred for leisure, Business hotel for business purposes, Convention and conference hotel for conduct of conference and seminar. For health reasons, the tourists prefer to stay in resorts and spa and if their purpose is sports and recreation they would prefer casino hotel. To a certain extent these findings are in consonance with the findings of Andrew S (2009). As the business traveler constitutes an important segment of tourists visiting Karnataka, it also represents the impact of tourism industry on hotel industry in Karnataka. It is found that business traveler spend in the ranges of 3000 to 6000 and above 6000 rupees for their stay. It agrees with the findings of Sondavan and Schale Kamp (1998) that business traveler contribute more to the hotel industry than any other category of travelers.

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