GUEST SATISFACTIONS AND PERFORMANCE MANAGEMENT:

CASE STUDY OF VIVANTA BY TAJ BLUE DIAMOND

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DECLARATION

I hereby declare that the project is based on my original work except for quotations and citation which have been duly acknowledged. I also declare that it has not been previously or concurrently submitted for any other degree at USM or any other institutions.

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ABSTRAK

Kepuasan tetamu dalam pengurusan prestasi di sebuah hotel adalah penting bagi kemampanan perniagaan jangka panjang dalam pasaran yang sangat kompetitif. Ia adalah pembeza kepada pesaing dan faktor kejayaan kritikal hotel. Kajian kes ini melihat kepada keputusan kepuasan tetamu keseluruhan hotel yang rendah dan memberi tumpuan kepada prestasi jabatan Front Office. Kajian pengurusan prestasi dan kepuasan tetamu mempunyai kesan kepada prestasi pekerja dan sikap dan motivasi mereka mempunyai impak yang besar ke arah prestasi hotel.

Data untuk kajian kes ini telah dikumpulkan melalui temubual, kajian semula dokumen dan pemerhatian. Analisis selanjutnya dilakukan menggunakan analisis SWOT, analisis 'Root Cause' bagi menentukan punca kepuasan tetamu rendah dan penilaian am mengenai pengurusan prestasi yang berdasarkan 'balance scorecard'. Selepas menganalisa, cadangan telah disediakan untuk penambahbaikan di masa hadapan.

ABSTRACT

Guest satisfaction in the performance management in a hotel is crucial for long-term business sustainability in a highly competitive market. It is a differentiator to competitors and a critical success factor of the hotel. This case study looks into the overall low guest satisfactions of the hotel and focuses on Front Office department performance. The study of performance management and guest satisfactions has an impact to the employees' performance and their attitude and motivations have significant impact towards the hotel's performance.

The data for this case study were collected through interviews, documents review and observation. Further analysis is done using the SWOT analysis, Root Cause analysis to determine the cause of the low guest satisfactions and general evaluation of performance management based on balance scorecard. After analysing, recommendations were provided for future improvements.

CHAPTER 1

INTRODUCTION

1.0   Background of the Study

Hospitality and tourism industry is one of the world's thriving sector and income generating especially in the emerging economies. Therefore, the industry is very competitive and for a hotel business organization to remain competitive in the industry and the constant need to be equipped with sufficient information, hotel organization requires a performance measurement system that enables them to achieve and control its desired objectives and goals. (Zigan and Zeglat 2010) In order to sustain the long-term survival of the hotel business in the thriving and highly competitive industry, the hotel's survival depends on how efficient and effective is they in satisfying the guest needs and demands and guest satisfactions have a significant impact on the hotel's performance. (Sin et al., 2005)

Vivanta by Taj Blue Diamond is one of the brands of hotels of Indian Hotels Company Limited (IHCL) or more collective known as the Taj Hotels, Resorts and Palaces. Vivanta by Taj brand has just been launch in 2010 to cater for the new market of work-hard-play-hard travelers. Vivanta by Taj Blue Diamond has been long established in Pune city since 1973, was being acquired by the IHCL group and soon after, it undergone the new hotel branding.

The hotel was the pioneer in the luxury market in Pune and with the emerging economic growth and the government incentives for foreign direct investments (FDIs), the

hotel faced tougher competition from local and international hotels. With the hotel's strategic location and being a part of the renowned brand name of Taj Hotels, Resorts and Palaces, the hotel often experienced almost full occupancy especially on weekdays.

Guests' satisfaction constitutes a cardinal indicator for assessing the success of a hotel. Vivanta by Taj Blue Diamond uses similar approach of balance scorecard (BSC) that has customer satisfactions as part of their indicators of performance measurements. Iglesias and Guillen (2004) (Melia 2010) advocate guests' satisfaction as a critical success factor for the survival in highly competitive markets. (Asree, Zain et al. 2010) indicated that the ability of hotel to be responsive to their customers needs would improve their revenue. Therefore, the critical success factor of the hotel includes guests' satisfaction as one of the areas or dimensions of a performance measurement framework specifically designed for hotels. However, in terms of the guests' satisfactions performance, the hotel is not performing as is targeted to achieve. In order to remain competitive in the industry, the hotel has to strive for the guests' satisfactions performance so that they can actualize and retains loyal guests to the hotel. Even satisfied guests of the hotel are endangered to be taken away by the competitors.

That is the main focus of the General Manager of Vivanta by Taj Blue Diamond to strive on monthly basis. Unfortunately, from the hotel past 2 years' guests' satisfactions performance, has not being meeting the target by the corporate office and the percentage in general is relatively low. From the analysis of the guests feedbacks derived from the Guest Satisfaction Tracking System (GSTS), indicated the top problems that the hotel guests had faced. the consistent problems faced by the guests are bad television reception quality,

Front Office service, unstable internet connection, uncomfortable room air condition, and noisy. The Root Cause analysis illustrate the problems that relates to the guests' satisfaction performance especially in the case issue of the low guests' satisfactions of the Front Office Service.

1.1 Problem Statement

This case study is looking into Indian Hotels Company Limited (IHCL) group manages its subsidiaries performances. This case study focuses mainly on the Vivanta by Taj Blue Diamond, Pune subsidiary performance and as an example of its international subsidiary, Rebak Island Resort, Langkawi, Malaysia. This research focuses on the performance management practiced by the group. From the research, it will also look into the guest satisfaction perspective influences the hotel's performance and how can Vivanta by Taj Blue Diamond able to improve their guest satisfaction ratings.

1.2 Research Objective

The purpose of this case study is to determine the performance measurement system of Indian Hotels Company Limited or Taj Hotels, Resorts and Palaces by reviewing on what indicators or metrics used to measure the performance of the local and international subsidiaries, and the problems and issues related with the current performance measurement system.

1.3 Research Questions

This study is based on the below research questions:

(i) What is the performance measurement system used by Indian Hotels Company Limited (IHCL)?

(ii) What are the measurement metrics used by the parent company to its local and international subsidiary?

(iii)How the parent company does monitors and evaluates subsidiaries' performance?

(iv)What are the rewards systems practiced for all the subsidiaries and does the subsidiary's performance linked to the manager's remunerations?

(v) What are the weaknesses and problems faced with the current performance measurement practiced?

1.4 Significance of Study

This dissertation is using the case analysis method to investigate the current practices of Indian Hotels Company Limited in managing their subsidiaries performance. Performance management and guests' satisfactions are important for an international hotel chain like Taj Hotels, Resorts and Palaces to retain their brand name and image and customer loyalty worldwide. As Taj Hotels, Resorts and Palaces have a few brands under its umbrella, it is essential to ensure that each property to adhere to the standards of the group of company and brand.

As the growth in the Indian tourism and hospitality industry is getting rapid, and more and tougher competitors of international hotel brand entering the market, it is very relevant for the company to be in the competitive edge in order to maintain their position as the market leader as they are now.

1.5 Organization of Thesis

This dissertation studies and discusses the Indian Hotels Company Limited (IHCL) guests satisfaction and performance management of its hotel chains.

This dissertation is organized in eight main chapters and each chapter is discussing as follows:

Chapter 1 : Introduction

This chapter contains the introduction of the dissertation which discusses the background of the study, problem statement, case issues and research questions and significant of study.

Chapter 2 : Country Profile

This chapter gives an insight on the country where the company originated which is in India. It gives an overview of the country, lays out the country's history, discusses on the country's government system, the country's economy, and lastly the country's social and cultural background.

Chapter 3 : Tourism and Hospitality Industry

This chapter is provides a concise discussion on the tourism and hospitality industry. It gives a review of the general overview of the tourism and hospitality, tourism industry in India, hospitality industry in India, and the tourism and hospitality industry in Pune, where the discussed hotel is located.

Chapter 4 : Literature Review

This chapter provides an overview of the study through literature reviews from the past studies that have done earlier that related to the concept and theoretical aspects of the subject of guest satisfactions and performance management.

Chapter 5 : Research Methodology

This chapter lay out the detailed research design of the study. It detailed on the method used, detailed data collection and its sources, justification of research questions, tools of analysis used and the research processes.

Chapter 6 : Case Write-Up

This chapter details on the parent's company background, company's background, as well as the subsidiaries' background. This chapter discusses to portray the general evaluation of group's subsidiaries performance management and subsequently focuses on the guest satisfactions in the performance measurement of Vivanta by Taj Blue Diamond.

Chapter 7 : Case Analysis

In this chapter, analyzing the case studies by using both internal and external analysis to identify the strengths, weaknesses, opportunities and threats (SWOT) faced by Vivanta by Taj Blue Diamond. The Fishbone Diagram is used to diagnose the root cause of the low guests' satisfaction of the Front Office department of the hotel. General evaluation of performance management based on balance scorecard is also used to analyze the case study.

Chapter 8 : Recommendations and Conclusion

In this last chapter, it will present the recommendations for improvements for the company from the discussions and analysis of the previous chapters and ends with a conclusion of this study.

CHAPTER 2

COUNTRY ANALYSIS

2.0 Introduction

This chapter gives a brief introduction about India. The chapter begins with an overview of India, and follows by a brief history of the country. In the next section, elaborates on the Indian politics and government, Indian economic and Indian social and cultural. A summary of the country analysis is presented in the end of the chapter.

2.1 An Overview of India

India is one of the world oldest civilizations which flourished from 3rd and 2nd millennia B.C. along the Indus River valley. India is the 7th largest country in the world and it is located at the central position of South Asia and has diverse geographic feature that is an advantage for tourism industry. India is rich with its history, heritage art and culture.

India is the origin birthplace country of Hinduism, Buddhism, Jainism and Sikhism, that attracted many followers from all around the world. Besides these, there are other religions existed amongst the people of India such as Christianity, Islam, Judaism, Zoroastrianism and many more. India has not only diversified religions, but as well as language, social and culture. The official and main language in India is Hindi and English and there are around 418 languages listed, whereby 11 languages are extinct, to the various States and Union Territories.

India has a population of 1.2 billion people, the second most populated country after China. Currently, India is developing country that just opened its market in 1991 and becomes the world's emerging market, part of the BRIC emerging economies.

2.2 India and Its History

Indian history dated back thousands of years ago, known as the Indus Valley civilization, as it is among the oldest civilization in the world and has been existed concurrently with other ancient civilizations which are of Egypt and Sumer and the Indus Valley civilization managed to outlast the two. The Indus Valley Civilization known as Harappan Civilization pioneering in urban civilization which the people lived in well-planned and well-built town that even has centres for trade. In the Indus Valley Civilization, they already have wide roads; well developed drainage system and the houses were made from baked bricks that had two or more storeys. However, the Indus Valley Civilization was destroyed in 1500 BC as they were invaded by the Aryan, and by natural disaster such as the recurrent flood and earthquakes.

Ever since then, India has been ruled by great dynasty and leaders, from Chalukyas, the Pallavas, Pandyas, the Rashtrakutas, the Muslim rulers, the most important dynasty in 9th century was of Cholas and finally the Mughal Empire. In 1857, the British Empire conquered India through trading company – East India Company, slowly invaded into the Indian administration by gradually appointing Viceroys and Governor Generals who ruled the country as representatives of the Queen of England.

India got their independence from the British Empire in 1947, led by the renowned leader Mahatma Gandhi after a long struggle. However, during the independence process, India divided to two countries, India and Pakistan.

2.3 The Indian Government

India is the world's largest democracy and it is a federal republic country after their independence from the British in 1947. India's capital city and the government administrative are in New Delhi. The current President of India is Mr. Pratibha Devisingh Patil and the Vice President is Mr. Mohammad Hamid Ansari while Indian government is headed by the Prime Minister Manmohan Singh.

Since India's democracy is huge, they function by bi-parliamentary. India constitute of 28 states and 7 union territories and each of the states have their own state assemblies in which some states have two houses while the rest have one. The parliament or the Legislature of Union comprises of the President and the two houses which are known as Rajya Sabha (Council of States) and the Lok Sabha (House of the People).

The Rajya Sabha consists of 250 members and out of 250 members, 12 members will be nominated by the Prime Minister, which has certain exceptional knowledge or practical experience in literature, science, art and social services. Meanwhile, the Lok Sabha composed of elected representative of people from each states and union territories. The maximum number of representative is 552 in which 530 members to represents the states, 20 to represent the union territories and maximum of 2 representatives from the Anglo-Indian community that are nominated by the President. Each House (both Rajya

Subha and Lok Subha) have to meet within 6 months from the previous meeting and in certain cases, a joining sitting can be held for both Houses.

2.4 The Indian Economy

India is the 5th largest economy in terms of purchasing power parity or the GDP of USD 4.06 trillion and the GDP real growth rate of 10.4 percent in 2010. India has the largest pool of labour force after China, the second largest in the world with the total of 478.3 million people. India has diverse economy that comprises conventional village farming to modern agricultural, a wide range of modern industries and a large number of services and handicrafts.

India has gone through a major revamp of their economic policies as they liberalized the Indian economy in 1991. Since then, India saw a rapid growth in the economy, which has averaged more than 7 percent per year since 1997. India has emerged as a global player in information technology, business process outsourcing, telecommunications, pharmaceuticals and biotechnologies.

With the second largest population and labour force in the world, the Indian labour force majority engaged in the agricultural activities which encompasses 52 percent of the labour force while in the manufacturing industries consists of 14 percent and in the service industries consists of the remaining 34 percent. Even though the work force in more into the agricultural sector, the service sector is the major source of economic growth of India, accounting for more than half of India's output and approximately 60 percent of the GDP.

India's main strength comes from the large number of well-educated, skilled people, and adept in the English language and they have capitalized on them, boost India to

be a major exporter of information technology, software and software services. After gaining independence from the British Empire, the public sector enterprises take the lead in investing heavily in heavy industries such as steel, mining, power, machinery, manufacturing of capital goods et cetera. From there the public sectors take the lead role in infrastructure development, manufacturing and service sector.

Since the year 2001, Indian companies have aggressively entered the global merger and acquisitions such as the acquisition of Anglo-Dutch steel maker Corus and the takeover of Jaguar and Land Rover by the TATA Group. India's biggest export destinations are with the UAE, United States of America, China, Singapore and Hong Kong and the largest imports are from China, while the UAE is India's largest trade partner overall.

Besides the promising growth of the Indian economy, India faces a long term challenges which include the widespread poverty that is about 25 percent of its population, inadequate physical and social infrastructure, limited non-agricultural employment opportunities, insufficient access to quality basic and higher education and in accommodating rural-to-urban migration. India's GDP per capita is rather low, approximately USD 3,500 in 2010, that makes India under the under develop country.\

With the challenges of the Indian economy faces, it affects the performance of the hotel industry and subsequently it affects the guests' satisfactions. The growth of the Indian hospitality and the influx of international tourist boost up the Indian economy, however they are not prepared for it as their lack insufficient access to quality basic and higher education and the language barriers.

2.5 The Indian Social and Cultural

India is very rich with its culture and they boast as one of the oldest culture that has existed in the world as it has been around for centuries but they have manage to maintained their culture's identity until now. The Indian culture has evolved from the many influences of different rulers that had rule and govern over the country, from the ancient Aryan and Greek civilization to the Arabs and European influences to the Indian lifestyle.

India is known for its colourful and loud celebration of festivals and they still hold on to their tradition in their daily life. With its multi racial, religions and beliefs, there will be multiplicity of festivals celebrated in India and most of the festivals owe their origins to legends, gods and goddesses and mythology. Each of the festivals is unique to them with colours, gaiety, a lot of enthusiasm, feasts and variety of prayers and rituals differentiates from one to another. There a lot of festivals celebrated throughout India, however the most important festivals are Deepawali, Krishna Janmashtami, Onam, Dussehra, Pongal, Ramadhan Eid, Baisakti Easter, Ganesha Chaturthi Holi, Raksha, Bandhan, Ram Navmi, Christmas, Good Friday, Makar Sankranti, Moharrum Shivratri, Durga Puja and many more.

With India's rich various cultures, it does present a certain disadvantage to the hospitality industry. The hotel's staffs in which have comes from different cultural and social background worked together in various departments have to learn and accustomed to each others' cultural and social heritage. With the different cultural and social ethnicity, sometimes there are some clashes that affect the quality workflow of the departments. Apart from that, having various festivals celebration does present the downside especially

when it comes to shortage of manpower, just as the hotel's Front Office department is experiencing. With various festival celebrations and staffs that come from various cultural and social backgrounds, the hotel and department have to accommodate their staffs' ethnic celebrations even though the department has lack of manpower. The lack of manpower during the festive seasons affects the performance of the hotel as well the overall guests' satisfaction of the hotel.

India is rich with its artistic heritage especially in the likes of its music and dance. The traditional Indian music is inspired by the nature surroundings. The Indians designed many musical instruments and numerous ragas that are developed from various notes for distinctive times, seasons and feelings. Music from different regions developed their own style of singing by not following the ragas but their own tunes and taking the lyrics in their own language and themes from their day-to-day life. The Indian music is closely related to the Indian dance. The classical Indian dances can be trace back to the period from 1300 to 1400 AD. The Indian dance is a blend of nritta (the rhythmic elements), nritya (the combination of rhythm with expression) and natya (the dramatic element).

In general, the Indian family still practices joint family system, whereby the father, mother, grandfather, grandmother, sons, daughters, sons-in-law, daughters-in-law, their children and other relatives' lives together under the same roof and share the food and earnings. The men are usually the breadwinner while the women are to take care of the household chores. That is why the percentage of women working in India is much lesser the men that raise concerns to the gender inequality in the society. Most of the Indian families throughout the country follow the Patriarchal system except for some states like

Arunachal Pradesh in North-West India which follows the Matriarchal system that the women rule the household and to some extent in Kerala, the women controls the decision making process of the family. However, more modern families are nuclear family which normally lives in the cities.

With the concept of joint family system, culture and traditions of the country are brought down to new generations. The families still practices arrange marriage for their children and any imbalance between the spouses is easily handled as the elders are able to guide them. Therefore, India has one of the lowest rates of divorcees in the world.

India is renowned for their social systems of castes, which has been predominant in the Indian culture since the ancient times and have remained a great thorn in the society. It is believed that it started when the Aryan races swept through India and they and the Brahmins wanted them to be superior to the people so they maintain the widespread of the caste system. Gradually, the caste system evolved and formalized into four major groups, with each has its own rules and regulations and code of conduct.

The highest rank in the caste system is the Brahmins, who taken the position as the priests and arbiters regarding religious and financial problems. The second level of the caste is the Kshatriyas or the Soldiers and administrators. Then it follows by the Vaisyas, who are the artists and commercial class member and lastly the Sudras, who represent the peasant and the farming class. And within each caste, they have further inner classifications which controlled by the type of work the person undertakes. However there are a group of people in which they are called the "Untouchables" or "Harijan" or as

Mahatma Gandhi fondly refer them as "Children of God". This group of Indians are classified as the Scheduled castes and initially they performed menial jobs for the other castes.

Nowadays, the gaps between the castes are becoming less apparent as awareness and better education as well as westernization among the society. However, it is still exist within the uneducated masses of India. Hinduism influences the caste system and created and established the hierarchical relationship with each other. Other religions in india such as Islam, Christianity, Jewish et cetera, does not follow the caste system. Therefore the Indian are very conscious on their social order and status with other people even within their family and all the relationships involves hierarchies.

In the recent years of modern India, the caste system are frown onto by the society and the government also have come out with special packages in public sector jobs, Parliamentary seats and college seats in order to improve the lower caste citizen. Some still do feel the reservations towards the lower castes and the "Untouchables". It is being observed in the hotel, the reservations towards the lower castes and the "Untouchables" between the staffs does exist however it is not that apparent that would affect the hotel's performance and the overall hotel guests' satisfactions.

2.6 Summary

Having discussed on the current situation in India on the political and government structure, economy situation and social and cultural structure, this study is able to grasp the condition of the business environment in India that will be further deliberated in the

following chapters based on the aspects that has been discussed in each section of this chapter.

CHAPTER 3

TOURISM AND HOSPITALITY INDUSTRY

3.0 Introduction

This chapter illustrate on the tourism and hospitality industry. The first section elaborates on the general overview of the tourism and hospitality industry in world and further in this chapter, a concise explanations and insights on the tourism industry and hospitality industry in India. It also discusses on the current scenario of Pune's tourism and hospitality industry, where Vivanta by Taj – Blue Diamond is located.

3.1 Overview of the Tourism and Hospitality Industry

The tourism and hospitality industry is one of thriving and fastest growing industries in the world. More and more people travels for either leisure or business internally or inbound and internationally or outbound. Tourism is ranked fourth in the global export category after fuels, chemicals and automotive products. The industry has been around backdating from the great ancient world empires but most tourism documentations focuses on the Europe. The tourism and hospitality industry are made commercialized by Thomas Cook who has been dubbed as "Father of the tourist trade" on 1841. From there the tourism and hospitality grew to this modern day and for many developing nations, it becomes their main source of foreign exchange incomes and creating the much needed employment and opportunities for development.

The global tourism and hospitality has seen a steady growth through the years and from the World Tourism Organization (2009) estimated that an average annual increase of 4.1 percent in the 2000s; from year 2000 to 2020 the average annual increase was estimated between 3.1 to 6.5 percent, while during the period of 2010 to 2020 shows an estimated of an average 5 percent per year growth, as shown in the figure below. (Figure 3.1)
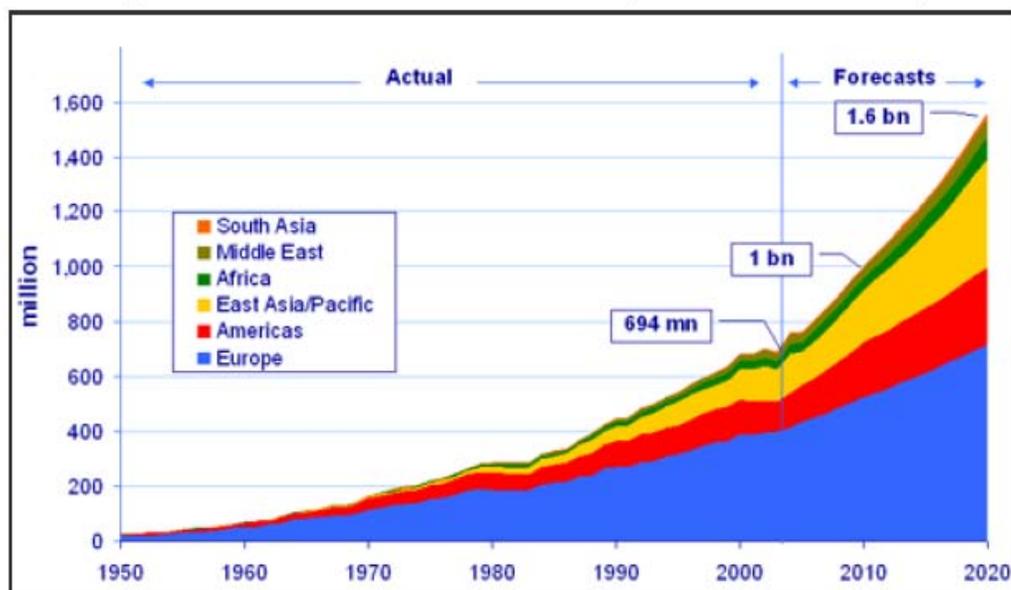
Source: WTO 2001a, 2001b

Figure 3.1: W.T.O Tourism Vision 2020 for International Arrivals

The leading tourist contributors comes from the United States of America (USA), Great Britain, Germany, France, Canada and Japan that contributes half of the global tourism revenue (WTO,2008) however in the UNWTO Tourism Highlight (2011), China has shown as the fastest growth of international tourism expenditure, an increase of four times of expenditure since 2000. The 2011 International Tourism spending shown as

below.(Table 3.1) Meanwhile, the main tourist destinations are France as it continues being the leading tourist destination in the world with 77 million tourist, followed by United State of America (USA), Spain, Italy, United Kingdom, Turkey, Germany, Malaysia and Mexico. (refer to Table 3.2)

Table 3.1: International Tourism Contributors Rankings (UNWTO, 2011)

Rank		International Tourism Expenditure (US$ billion)		Local currencies change (%)		Market share (%)	Population 2010	Expenditure per capita
		2009	2010*	09/08	10*/09	2010*	(million)	(US$)
	World	851	919			100	6,879	134
1	Germany	81.2	77.7	-5.9	0.7	8.5	82	952
2	United States	74.1	75.5	-7.9	1.9	8.2	310	244
3	China	43.7	54.9	20.9 ($)	25.6 ($)	6.0	1,341	41
4	United Kingdom	50.1	48.6	-13.6	-2.4	5.3	62	780
5	France	38.5	39.4	-1.9	7.6	4.3	63	625
6	Canada	24.2	29.5	-4.8	10.0	3.2	34	866
7	Japan	25.1	27.9	-18.4	4.0	3.0	127	219
8	Italy	27.9	27.1	-4.3	2.0	2.9	60	449
9	Russian Federation	20.9	26.5	-12.1 ($)	26.8 ($)	2.9	140	189
10	Australia	17.6	22.5	2.5	9.0	2.5	22	1,014

Source: World Tourism Organization (UNWTO) © (Data as collected by UNWTO, June 2011)
($) = percentage derived from series in US$ instead of local currency

Table 3.2: International Tourist Destination Rankings (UNWTO, 2011)

International Tourist Arrivals					
		million		Change (%)	
Rank	Series	2009	2010*	09/08	10*/09
1 France	TF	76.8	76.8	-3.0	0.0
2 United States	TF	55.0	59.7	-5.1	8.7
3 China	TF	50.9	55.7	-4.1	9.4
4 Spain	TF	52.2	52.7	-8.8	1.0
5 Italy	TF	43.2	43.6	1.2	0.9
6 United Kingdom	TF	28.2	28.1	-6.4	-0.2
7 Turkey	TF	25.5	27.0	2.0	5.9
8 Germany	TCE	24.2	26.9	-2.7	10.9
9 Malaysia	TF	23.6	24.6	7.2	3.9
10 Mexico	TF	21.5	22.4	-5.2	4.4

International Tourism Receipts		US$		Change (%)		Local currencies Change (%)	
		billion					
Rank		2009	2010*	09/08	10*/09	09/08	10*/09
1 United States		94.2	103.5	-14.7	9.9	-14.7	9.9
2 Spain		53.2	52.5	-13.7	-1.2	-9.0	3.9
3 France		49.4	46.3	-12.7	-6.2	-7.9	-1.3
4 China		39.7	45.8	-2.9	15.5	-2.9($)	15.5($)
5 Italy		40.2	38.8	-12.0	-3.6	-7.2	1.4
6 Germany		34.6	34.7	-13.2	0.1	-8.5	5.3
7 United Kingdom		30.1	30.4	-16.3	0.8	-1.3	1.7
8 Australia		25.4	30.1	2.5	18.6	10.3	0.8
9 Hong Kong (China)		16.4	23.0	7.5	39.5	7.0	39.8
10 Turkey		21.3	20.8	-3.2	-2.1	-3.2($)	-2.1($)

Source: World Tourism Organization (UNWTO) © (Data as collected by UNWTO, June 2011)
($) = percentage derived from series in US$ instead of local currency

The Top 10 Tourist Destination rankings and India is ranked as 40th in the world for World Tourist Arrivals and ranked as 16th in the world in the World Tourism Receipts.

The tourism industry is primary service and people oriented. In general, tourism is classified according to their purpose such as business tourist and leisure tourist. Nowadays, there are several more types of tourism identified such as medical tourism, wellness tourism, adventure tourism, heritage tourism, ecotourism or ecological tourism, rural tourism, wildlife tourism and MICE (Meetings, Incentives, Conferences and Exhibitions) tourism.

3.2 Tourism Industry in India

The tourism industry in India is one of key industries in the service sector and has becomes one of the most profitable industry in the Indian economy as it has significantly contributes 6.23 percent of the national GDP and USD 7, 811 million foreign exchange earnings (FEE) from half of the year 2011. According to Travel and Tourism Competitiveness Report (2011) by the World Economic Forum (WEF) , India currently in the 12th position in Asia for destination and the 68th position in the overall list of the world's most attractive tourist destination. A research done by World Travel and Tourism Council (WTTC), 2008 revealed that India is expected to be the leader in annual growth and have the most rapid growth of an average 9.4 percent per year in their travel and tourism demand between the years 2008 to 2018. It is expected to be ahead of China, Libya, Vietnam and Montenegro. Refer to Table 3.3 below.

Table 3.3: Projected Travel and Tourism Demand, 2008 to 2018

Ranking	Country	Travel and Tourism Demand, 2008 -2018 (% annualized real growth)
1	India	9.4
2	China	8.9
3	Libya	8.1
4	Vietnam	8.1
5	Montenegro	7.4
6	Romania	7.1
7	Macau	7.1
8	Namibia	6.9
9	Croatia	6.9
10	Czech Republic	6.8

The Indian tourism offer most diverse products globally, the main types of tourism that they offer are medical tourism, spiritual tourism, rural tourism, adventure tourism,

MICE (Meetings, Incentives, Conferences and Exhibitions) tourism and ecotourism. To attract more global tourist coming to India, the Indian government launched "Incredible India" campaign and encourages 100 percent foreign direct investments (FDI) in the hotels and tourism. Therefore, international hotel and tourism groups are establishing their business there.

The key consumer segments based on the purpose of inbound tourism that contributes the Indian travel and tourism industry are personal travel and tourism, business travel, government expenditures, capital investment, visitor exports and other exports. The breakdown of India's travel and tourism industry are as below.

Figure 3.2: India's Travel and Tourism Industry (Source: WTTC)

India's leading tourism contributors are from United States of America, United Kingdom, Bangladesh, Canada, Germany, Sri Lanka, France, Japan, Australia and Malaysia and they contributes 61.64 percent of the foreign tourist arrivals (FTAs).

(Appendix 4) The top three tourist destination for foreign tourist arrivals (FTAs) are to the Maharashtra state, Tamil Nadu state and Delhi state and that contributes 54.8 percent of the foreign tourist arrivals (FTAs). (Appendix 5)

There are still a lot of opportunities for India to expand their travel and tourism industry as the rising of business and travel to smaller cities; diversification into new segments for example budget hotel brand, ecotourism and adventure tourism; with the acquisition, strategic alliances and partnership with international hospitality chain; and with the increasing availability of bed and breakfast option in the country. However, there are some challenges that the Indian Ministry of Tourism have to overcome which are:

1. Lack of proper infrastructure

2. Trained and capable human resources

3. Degree of service offered

4. Inadequate marketing and promotion

5. High taxation

6. Security issue – terrorism and cyber crime

7. Government regulatory issue – visa and licenses

3.3 Hospitality Industry in India

The Indian hospitality is legendary as it is passed on generation to generation and they have a saying in Sanskrit, "Atithi Devo Bhava" which means "Guest is God" that have been imbedded in their ethos. As the saying goes, each guest is treated with utmost consideration and each Indian will extend more than his or her hand to a visitor.