

HEB

Emerging Trends in Hospitality Industry to Meet the Expectations of Generation Y Customers

CASS

Bhuvan.G.M¹ & Dr. JanakiNaik²,


PhD Research Scholar, School of Management, Amity University, Mumbai.

Dean, Student Welfare, Amity University, Mumbai.

Email ID-editorcassstudies@gmail.com

ABSTRACT:

Hospitality and Tourism Industry is on an upward growth trend and contributes 10.4% to Global Gross Domestic Product (GDP). This industry has created 313 million jobs or 9.9% of total employment in the world and is expected to increase by 2.4% by 2018. This research paper focuses on understanding the latest trends in the Hospitality & Tourism Industry, key characteristics of Generation Y as customers, emerging and new upcoming trends, and predicting future trends and prospects for the industry. The changing expectations of Generation Y or the Millennials is one of the most critical trends, and the Hospitality Industry has been working on several strategies to meet the needs and requirements of new generation customers through innovation and change.

| | |
|---|--|
| Access this Article Online | Quick Response Code:  |
| Website: http://heb-nic.in/view-latest-issue | |
| Received on 22/12/2018 | |
| Accepted on 25/12/2018 © HEB All rights reserved | |

1.1 Introduction to Hospitality Industry:

Tourism Industry is on an upward curve globally and Hospitality Industry is an integral part of the Travel and Tourism Sector. 10.4% is the contribution of Travel and Tourism GDP as a percentage of Global GDP and expected to raise by 4% in 2018 with 313 million jobs or 9.9% of total employment in the world and expected to raise by 2.4% in 2018. As a largest economic drivers, the tourism sector creates employment, fosters exports and generates growth and prosperity across several countries in the world. The year 2017 can be considered as a strongest year of GDP growth worldwide in a decade with highest consumer spending. (WTTC, 2018).

The foreign tourist arrivals during the year 2017 was 10.8 million with a growth of 15.6% over last year and Foreign Exchange Earnings was 1,80,379 crore with a growth of 17% over last year. Also, there is a surge in the E-Tourist Visa with an arrivals of 1.7 million Foreign Tourists. The International Tourist Arrivals (Foreign Tourists and NRIs) was 14.57 million in 2016. The domestic tourism has contributed towards the growth of tourism sector in India. The domestic tourists visits in 2016 were 1613.6 million as compared to 1432 million in 2015 with a registered growth of 12.68% over 2015. Tourism in India is on the upward curve and the Ministry of Tourism is working towards increasing and facilitating tourism in India, easing of visa, enhancing quality standards for tourism service providers, projecting India as 365 tourist destination and sustainable tourism. (Annual Report , Ministry of Tourism, Government of India, 2017-2018).

The Tourism Industry serves as a strong booster and many countries depend on this industry. It is a major source of revenue to Governments, Organizations and individuals. (Brako, 2016)

1.2 Growth of Hospitality Industry

The Hotel Industry in India is growing rapidly. Hotels in India has surpassed the 65% occupancy rate in 2017 with revenue per available room growth rate of 4.2% over the previous year. The last recorded occupancy of 65% was in the year 2008. The hotel industry went through a difficult phase post 2016 with demonetization, liquor ban on the highways and GST implementation. The future of the industry is looking positive in 2018. The occupancy and revenues is expected to increase. (ET, 2018)

1.3 Defining Hospitality

The term Hospitality is derived from the Latin word 'Hospitalitatis' meaning the entertainment and hospitable reception of guests.

According to Cambridge Dictionary Hospitality is " The act of being friendly and welcoming guests and visitors"

1.4 Objectives of the study:

To examine the latest trends in the hospitality and tourism industry

To understand the characteristics of Generation Y or the Millennials

To figure out the emerging key trends in the Hospitality Industry

To critically analyze and predict the future prospects for the Hospitality Industry

1.5 Scope:

The study focuses on the Hospitality and Tourism Sector and does not cover any other sector of the business or industry.

1.6 Research Methodology:

The study focuses on the expectations of Generation Y customers from the hotel industry. In this study, Millennials are considered as Generation Y as the Cambridge dictionary defines Millennials are born in the 1980's, 1990's or early 2000. The data was collected through the qualitative research. The primary data was collected through in-depth interview was conducted with the General Manager of The Park, Navi Mumbai and secondary data was collected through published and unpublished sources. Through studies was conducted through reviewing online journals, text books, periodicals, websites, reports. The trends were identified and future prediction was drawn.

1.7 Limitations:

The study is largely based on secondary data, qualitative in nature and covers the expectations of Generation Y or the Millennials and does not cover any other Generation.

1.8 Understanding Generation Y and Millennials :

According to GyanNagpal“ People born between 1922 to 1945 are referred as the ‘silent generation’. They were strong, disciplined and stable, they lived through the Great Depression, fought second world war and rebuilt the post war economies.

They were followed by baby boomers born between 1946 to 1964. Members of this generation control both Government and Industry in the western world today. Their median age is now in the mid –fifties and have started retiring in the large numbers.

The next Generation is the Generation X ,born between 1965-1980, also known as the MTV Generation are known to be flexible and self-serving, with a deep distrust of authority. Next came the Generation Y, born post 1981 are known to be the internet generation.” Talent Economics (2013).

According to Cambridge dictionary, Millennials can be defined as those born in the 1980's, 1990's or early 2000.

The Generation Y, born between 1981 to 2000 and after have a different aspirations compared to their predecessors. Psychologists are of the opinion that Generation Y aspire quick success and they lack patience. They are adventurous in nature and experience seekers. They focus on travel and want to become an entrepreneur. They invest more on lifestyle and believe in renting and shared economy. (Economic Times, 2016).

In the year 2011, PWC, a business consulting company conducted a survey covering 4000 plus graduates across 75 countries in 2011. Millennials born between 1980-2000 form 25% of workforce in USA and over half the Indian population. By 2020, Millennials will constitute 50% of workforce in this world. The CEO's greatest challenge is to attract and retain the workforce. Millennials are tech savvy and this skill sets them apart. They possess a great affinity to the virtual and digital world and are less hierarchical. They desire fast growth, seek different career options and look for feedback from their superiors. Being quick learners and move quickly upwards and leave quickly if their expectations are not met. They value employer brand as a consumer brand. Millennials are expected to work for 6 or more employers in their career. They are on lookout for good job offers and very few are expected to stay and work for one employer for long. (PWC business report, 2011).

1.9 Expert Opinion from Hospitality Industry

According to Mr. Ravi Rawat, General Manager, The Park Navi Mumbai "Members of Generation Y are often referred to as "echo boomers". Born between the advent of the Walkman and the founding of Google, the members of Gen Y are unsurprisingly shaped by technology. Gen Y kids are known as incredibly sophisticated, technology wise, immune to most traditional marketing and sales pitches...as they have been exposed to it all since early childhood.

The Indian Gen Y professionals have strong desire to climb the corporate ladder and have strong need to be associated with a firm which visibly enhances self definition. Strong brand names attract them, reflecting their career choices. Highly focused Gen-Yers are driven by innate desire to build, create, invent or produce something of their own and like to demonstrate self-extension through their work. The study shows that Gen-Yers are loyal to their jobs but not organizations

This set is very analytical and appreciate transparency & unambiguity hence, appreciate sound company policies, considerate superior, restricted working hours, responsibility and independence, equitable pay and achievement at their workplace. Gen Yers love to express themselves at work and to have a fun-filled, cheerful and open work culture. They learn with less instructions and always fond of adding creation to their work. They prefer low supervision and dislike intervention.

A 2012 study found Millennials to be "more civically and politically disengaged and more focused on materialistic values. "The trend is more of an emphasis on extrinsic values such as money, fame, and image, and less emphasis on intrinsic values such as self-acceptance, group affiliation and community."

The Generation Y in India is a remarkable group that is ambitious, optimistic, embraces change and has a clear sense of where they are head.”

1.10 Emerging Trends in the Hospitality Industry:

According to 2017 millennial survey conducted by Expedia, an online travel company across multiple countries and continents, the key highlights includes:

62% of Indian Millennials book their tickets through online travel agency (OTA) and 19% through airline and or hotel websites. 34% would like to travel within Asia in the next 5 years and 18% to Europe. They are driven by loyalty programmes, discounts, attractive packages and deals. About 12% of Millennials have used crypto currencies like the Bitcoins and 45% would like to use it in the future. While travelling, 50% of them would like to travel with their families and 42% with their partners. Also, 37% with their friends, 20% with their children and 7% as solo. The highest motivation for travel is Getaway from work with almost 50% of them and Stress Busting with 46 % of the millennials.

94% of them use smart phones, 56% use tablets, 23% use wearable device that connects to internet , 21% use e-readers and 20% use handheld game device. They love to holiday and take breaks. Almost 71% would like to take break every 6 months in India and 91% would like to take a holiday once a year in India. 22% would like to travel abroad for holiday every 6 months and 51% would like to take a holiday abroad once a year. (Businessline, 2017).

1.11 Food & Beverage Trends

The dining out culture in India is going through a transition and Generation Y or the Millennials have a major role to play in this endeavor. Millennials are tech savvy generation, exposed to world wide trends & lifestyles, well educated ,well travelled, well read and possess a high spending power with higher disposable incomes. The trend of ‘Going Dutch’ or ‘Splitting the Bill’ is an acceptable social etiquette. India has witnessed growth of fine dining restaurants, cafes, pubs, lounges, fast food joints and many other innovative dining options catering to the changing food habits. Recent report by National Restaurant Association of India estimates the size of food services industry to reach 408,040 crores by 2018. According to a survey conducted by Franchise India, 34 % eat out two or three times a week, 11% eat out more than thrice a week, 3% on important or special occasions and 12% of them love to eat out every day. Another interesting trend in the Food & Beverage Sector is usage of organic ingredients for food preparation. Hotels have introduced organic dishes on their menus. At The Park, New Delhi, 80% of their menu is organic at The Fire Restaurant. They would be taking it further. At Hyatt Regency Delhi, 60 % of the ingredients procurement is met by their own farm. At Annamaya, Andaz Hotel, New Delhi, 99% of the ingredients are locally produced. Due to seasonality of organic ingredients , the menus in these hotels change every quarter. Though organic food costs 25 % to 30 % higher than the mass produced

alternatives, yet they are in demand as customers love to consume organically grown and freshly cooked food. (HospitalityBiz, Organic Menu- Is the eco system ready ?, 2018).

1.12 Future Trends Predication

Accor Hotels has also predicted trends for 2018. Some of these trends to meet the requirements of Generation Y are:

Accor Local: An app devised by Accor Hotels to facilitate the services from local skilled tradesmen and business to local neighborhood residents like sending flowers, organizing yoga classes and so on.

Mobile Payments: The future payments will be through smart phones.

Laid Back Luxury: The customers will prefer to indulge in unique experiences rather than buying material goods.

Fair Travel: Guests and Hotels responsibility towards environment through Eco- Travel.

Personalized Services: The focus on making every guest stay unique and handmade with personal touch.

Chat bots: Accor Hotels have introduced Google Assistant App, first in the hotel sector that fosters guest interactions digitally.

Smart rooms: “Rooms for Every One”, that meets the needs to every kind of guests. Be it single traveler, families, leisure traveler, business travelers and so on. The doors will be fitted with assisted opening and closing system, a system to facilitate sleeping and a touch screen tablet to control all the room systems. (Accorhotels, 2018)

1.13 Technological Trends

Amazon has collaborated with Marriott International Hotels and have introduced Alexa for Hospitality. Alexa can assist for Room Service Orders, calling for additional towels and adjust the room temperature and lighting. According to Daniel Rausch, Vice President, Amazon ““Customers tell us they love how easy it is to get information, enjoy entertainment and control connected devices by simply asking Alexa, and we want to offer those experiences everywhere customers want them”. (Andria, 2018).

The Hospitality Industry is growing through rapid transition from brick & mortar to digital technologies. Travelers find hotels on their terms suiting their needs and lifestyle. Airbnb has set a stage for the new era of travel and accommodation. New trends include Mobile integration for Hospitality, Artificial Intelligence and Chat bots, Integration of Internet of Things, Focus on Big Data, Reputation Management in the online world and virtual reality. (Daniel, 2018).

1.14 Experiential Trends

The new age customers are experimental. Social Media has a major role to play. Customization is the key. The Aficionado Programme at St.Regis Hotel Mumbai is designed to offer guests one time life time experiences and events happening in the city.This includes customized spa treatments, guided tours and wine and food tastings with experts. (India-Today, 2017)

1.15 Discussion

Tourism and Hospitality industry is on the growth mode. The Generation Y or the Millennials can be called as the internet generation. They constitute a larger part of the workforce in the world. Being highly aspiring, they seek instant gratification. 50% of Indian population is below 25 years of age and 66% of the population is below the age of 35. (Kasturi & Anita, 2016).Almost 66 % of the Indian population belongs to Generation Y. This generation constitute a larger part of the working population.Their basic needs and requirements are met by their parents to a large extent. Be it the physiological needs and the safety needs as propounded by Abraham Marslow. Most of them have grown up in a liberalized India post 1991. Technology and Internet has become part and parcel of everyday life. Smart phones has changed the way they live life and they are highly active on the social media like the Facebook, Twitter, Instagram, Quoraand many more. Their social needs are met and fulfilled through online and offline mode. A question arises that are they looking to achieve or to experience the Esteem and Actualization needs at a young age. More research is required in this domain to understand as they advocate sharing economy, renting economy and discover themselves. They seek freedom and flexibility at work and in life. They follow their passion but are highly stressed due to work pressures and complexities of life. They love to take breaks and holidays once in 6 months at least in India and would like to travel abroad as well. In India , Smart phone users is expected to touch 530 million users by 2018. (Sethuraman, Rao, Charlette, Thatkar, & Vincent, 2018). Smart phones with internet has changed they way one does the bookings of tickets, hotel accommodation, land transportation, food ordering and many other services. With higher disposable income, Generation Y love to travel, stay in good hotels and indulge in unique experiences.This Generation is heath conscious and they focus on wellness, fitness, consuming healthy and freshly cooked organic foods. Hotel Industry is gearing up to meet the needs and requirements of this generation by introducing Organic Menus, offering Spa experiences, local cultural experiences, culinary experiences and many more . Hotels are working to upgrade and embrace new exponential technologies like the Artificial Intelligence, Big Data Analytics, Social Media Analytics, Internet of Things, Robotics, Automation, Virtual and Augmented Reality. Marriott Hotels and Amazon have collaborated to introduce Alexa, a Chabot inside the guest rooms to assist the customers. Hotels have become highly innovative in order to sustain and grow. Also, alternative accommodation sector like the Airbnb , Home Stays& Service Apartments are competing with the traditional hoteliering.Today, eating out has become a trend. Most of

the Millennials are the working couples and are hard pressed for time. More and more restaurants and Food & Beverage outlets are opening every day in Tier 1, Tier 2 and Tier 3 cities and towns. Online food ordering through apps using services like the Swiggy, Zomato and Uber Eats is very common and the trend is on the upward curve. Home deliveries and office deliveries of food from the restaurants and catering establishments has become a way of life for many individuals and families. In cities like Mumbai, PoliBhajiKendras (Indian Breads and Cooked Vegetables outlets) have become very popular and young working professionals and students are the largest consumers. Even, Home Made food Tiffin services have gained popularity in the last few years along with street food vendors.

The future of the Hotel Industry is vibrant and will be driven by technological innovation. Hotels have to introspect and change their offerings to meet the expectations of the new generation customers. The 5G Smart phones will enter India by late 2019 or early 2020. (Khan, 2018) India's smart phone users is expected to grow to 700 million by 2022. (Hindustan.times, 2018). The 5G revolution will enhance internet speeds and will serve as a catalyst for the growth of e-commerce. With 700 million users both at urban and rural sectors, 5G devices will create huge disruption to traditional business including the hospitality sector. Online reputation management will become the most important parameter of performance for an hospitality establishment. Customers will review and post their feedback instantly. Online reviews and ratings can make or break businesses. Hotels have introduced Online Reputation as a parameter for Top Executives in their performance appraisal system. In order to combat these challenges, hospitality industry have to strive very hard to stay relevant in the changing times.

1.16 Conclusion.

It is evident that the Indian Hospitality and Tourism Industry is on a growth mode and will continue to contribute towards the National Economy. The industry is contributing towards nation's GDP and there is surge in foreign tourists' arrivals.

There is a change in the business landscape. Disruption has become the order of the day. There is a rapid change in the business environment and referred as VUCA. (Volatile, uncertain, complex and ambiguous) (Abidi & Joshi, 2018).

The needs and requirements of Generation Y or the Millennials is constantly changing. The Hospitality and Tourism Industry have become extremely competitive, innovative and creative to meet the expectations of the Generation Y customers. Going forward, Exponential Technologies will impact the Hospitality Industry in a big way. This will have an influence on the all the stakeholders of the industry. The Hospitality Industry needs to change as '*change is constant*' to stay relevant in the dynamic business world.

Bibliography

1. Abidi, S., & Joshi, M. (2018). *The VUCA Learner*. New Delhi: SAGE.
2. Accorhotels. (2018, November 10). *Accor Hotels*. Retrieved from accorhotels.group: <https://www.accorhotels.group/en/Actualites/2018/02/08/hospitality-trends-2018>
3. Andria, C. (2018, 19 June). Amazon-Marriott Deal Will Make Alexa A Hotel Butler, But The Implications Range Far Wider. *Forbes* .
4. (2017-2018). *Annual Report , Ministry of Tourism, Government of India*. Ministry of Tourism , Government of India.
5. Benoit, D. (2018, Feb 22). *From digital disruption to human connection: Hospitality trends to watch-out for in 2018* . Retrieved November 19, 2018, from www.economictimes.indiatimes.com:https://economictimes.indiatimes.com/magazines/panache/between-the-lines/from-digital-disruption-to-human-connection-five-hospitality-trends-to-watch-out-for-in-2018/articleshow/63030112.cms
6. Brako, S. (2016). *Emerging Trends in Hospitality and Tourism in India. NSHTM 2016*. Kanpur.
7. Businessline. (2017). *Expedia Millennial Survey 2017: 50 per cent Indian millennials are worried about the impact having children will have on the quality of their holidays*. Retrieved November 29, 2018, from www.thehindubusinessline.com:https://www.thehindubusinessline.com/business-wire/expedia-millennial-survey-2017-50-per-cent-indian-millennials-are-worried-about-the-impact-having-children-will-have-on-the-quality-of-their-holidays/article9725301.ece
8. Daniel, N. (2018, January 2). *Top 6 Digital Transformational Trends in Hospitality and Tourism*. Retrieved November 28, 2018, from www.forbes.com.
9. ET. (2018, January 24). *Hospitality Sector sees more revenue and profit in 2018. The Economic Times* .
10. Hindustan.times. (2018, September). *India to have over 700 million smart phone users by 2022: Counterpoint. Hindustan Times* .
11. HospitalityBiz. (2018, July 5). *Organic Menu- Is the eco system ready ? Hospitality Biz India* .
12. India-Today. (2017, October 20). *How millennials and Gen-X are changing Indian luxury hospitality industry*. Retrieved November 28, 2018, from Indiatoday.in:https://www.indiatoday.in/magazine/nation/story/20171030-indian-luxury-market-hospitality-1067395-2017-10-20
13. Sethuraman, A., Rao, S., Charlette, L., Thatkar, P., & Vincent, V. (2018). *Smartphone addiction among medical college students in the Andaman & Nicobar Islands. International Journal of Community Medicine and Public Health* .
14. WTTC. (2018). *Travel and Tourism Economic Impact 2018 World*. World Travel and Tourism Council.