MULTISENSORY MARKETING IN HOSPITALITY SECTOR - A STUDY OF SELECT HOTELS

DOCTOR OF PHILOSOPHY

IN

MANAGEMENT STUDIES

By

PRARTHANA KUMAR

(Reg. No. 10MBPH02)

UNDER THE GUIDANCE OF
PROF. V. VENKATA RAMANA
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Doctoral thesis submitted to the University of Hyderabad in partial fulfilment of requirements for the award of the degree of

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DECLARATION

I, **Ms. PRARTHANA KUMAR (Reg. No. 10MBPH02),** hereby declare that the thesis entitled**, "Multisensory Marketing In Hospitality Sector - A Study of Select Hotels",** submitted by me under the guidance and research supervision of **PROF. V. VENKATA RAMANA** is an original and independent research work by me. I also declare that, it has not been submitted previously in part or in full to this University or any other University or Institution for the award of any degree or diploma.

Place: Hyderabad **PRARTHANA KUMAR**

Date: December, 2013 **Reg. No: 10MBPH02**

CERTIFICATE

This is to certify that this thesis entitled, **"Multisensory Marketing In Hospitality Sector - A Study of Select Hotels"**, submitted by **Ms. PRARTHANA KUMAR (Reg. No. 10MBPH02),** Research Scholar enrolled for Ph.D. programme at the School of Management Studies, University of Hyderabad in partial fulfilment for the award of the degree of Doctor of Philosophy in Management Studies (Ph.D.) is a bonafide work done under my guidance and supervision as prescribed under Ph.D. ordinances of the University.

To the best of my knowledge the same has not been earlier submitted in part or in full to this or any other University or Institution for the award of any degree or diploma.

Place: Hyderabad	**PROF. V. VENKATA RAMANA**
Date: December, 2013	**Research Supervisor**

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- Prarthana Kumar

PREFACE

This thesis has not only been a major learning experience but also resulted in interesting insights. The great amount of guidance provided by School of Management Studies, University of Hyderabad, was truly a big help. The willingness to interact, to be available for interviews and to participate in this research of the hotels' General Managers, Marketing Directors, Staff and very especially the hotels' in-house guests was encouraging.

Marketing in service sectors is a very large subject; therefore, the thesis was limited to research on Multi Sensory Marketing in Hospitality sector (Four and Five star hotels from Hyderabad and Vishakhapatnam of Andhra Pradesh, India).

The findings of this study cannot be generalized to some extent, or used interchangeably within all the services industries.

The researcher, is aware of the potential criticism and the limitations of quantitative studies, which include suggestive findings and not conclusive. The objective of this research is to provide insights on this topic from researcher's viewpoint, which is then largely subjective per se. However due to considerations of validity and reliability, subjectivity is aimed to be limited to certain extent.

The aim is to provide possible approaches to Multi Sensory Marketing in Hospitality sector in India, rather than presenting globally applicable measures that will work for any region. In order to ensure as high as possible level of transparency, an attempt was made thoroughly to describe the mode the data for this study was obtained and analyzed. For practical reason, it is not possible to study all the aspects of marketing in the hospitality sector. Considering this, the study aims at thorough understanding of the Multi Sensory marketing practices and the perception of customers regarding this in the Four star and Five Star hotels of Hyderabad and Vishakhapatnam in the state Andhra Pradesh in India.

When implementing case study method, one of the first decisions to make was to decide whether to use a single case study or multiple case study approach. According to Maylor and Blackmo (2005), the single case study focuses, on a single unit of analysis. Concerning the topic and the purpose of this thesis, this approach does not seem fully appropriate; to study one single Indian Hotel may result in an incomplete picture of the answer to the research question. According to Maylor and Blackmo (2005), the multiple case study approach is useful in order to identify which features are common across cases. This being an objective of the thesis, using this approach seems to be more practical to answer the underlying research questions. A case study of eight subjects seems to be appropriate in order to serve the requirements of a case study approach and to respect its limitations at the same time.

The use of quantitative method with a case study is not opposing but more complementary. This approach will serve for a clear vision on the issue of how multi sensory marketing strategy can be implemented in hotel sector. In accomplishing this research work, the data was validated, edited, codified and machine cleaned before the final analysis was performed. Statistical Package for Social Sciences (SPSS 20) developed by IBM was used for computation of results. Data has been analysed using statistical tools such as Chi-Square test and Factor Analysis.

The study is divided into five chapters, each having a relevance to the purpose of the study. The first chapter embodies the essential aspects of this research in terms of the introductory remarks, the objectives of the study, corresponding hypothesis framed along with the methodology and sampling procedures adopted have been discussed. It is a blueprint of the thesis. Chapter 2 presents an overview of the Hospitality industry, its timeline, classification of hotels, and its present scenario in India - challenges and potentials. Chapter 3 discusses Multisensory Marketing its emergence and application. Chapter 4 presents the analysis and interpretation of the data. Chapter 5 discusses the finding and reports the conclusions. The managerial implications that emerged from the results, the limitations of the study and corresponding future work that can be built based on the finding of the study to further the Multisensory extension research are discussed at the end of this chapter. The research questionnaire used for the study is furnished in the Appendix.

This study substantiates the need for awareness in implementing multi sensory marketing as a strategy for hotels' sustenance and revenue. It highlights customers' perception on the hotels' services, factors that influence customers and the key result areas of the hotels. The study concludes with findings and suggestions related to the hospitality sector, hotels atmospherics, infrastructure, services, menu and language.

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ABBREVIATIONS

AE	-	Advance Estimates
ANFALUM	-	National Association of Lighting Manufacturers
APTDC	-	Andhra Pradesh Tourism Development Corporation
ARR	-	Average Room Rate
ASEAN	-	Association of South East Asian Nations
BKC	-	Bandra Kurla Complex
BPO	-	Business Process Outsourcing
BSP	-	Brand Selling Proposition
CA	-	Conjoint Analysis
CAGR	-	Compound Annual Growth Rate
CBD	-	Central Business District
CEM	-	Customer Experience Management
CFA	-	Central Finance Assistance
CII	-	Confederation of Indian Industry
CMIE	-	Centre for Monitoring Indian Economy
CRM	-	Customer Relationship Management
CRS	-	Central Reservation System
DIPP	-	Department of Industrial Policy and Promotion
DIPP	-	Department of Industrial Policy and Promotion
ECB	-	External Commercial Borrowing
ESP	-	Emotional Selling Proposition
F&B	-	Food & Beverage
FDI	-	Foreign Direct Investment
FEE	-	Foreign Exchange Earnings
FEEs	-	Foreign Exchange Earnings
FHRAI	-	Federation of Hotel and Restaurant Associations of India
FII	-	Foreign Institutional Investors
FTA	-	Foreign Tourist Arrivals
GCF	-	Gross Capital Formation
GDP	-	Gross Domestic Product

GFCF	-	Gross Fixed Capital Formation
GIFT	-	Gujarat International Finance Tec-city
HMC	-	Hotel Management Companies
HRACC	-	Hotel & Restaurant Approval & Classification Committee
HSP	-	Holistic Sales Proposition
HVS	-	Hotel Valuation Service
IAMAI	-	Internet and Mobile Association of India
IHG	-	InterContinental Hotels Group
IMRB	-	Indian Market Research Bureau
IOCL	-	Indian Oil Corporation Ltd
IT	-	Indian Information Technology
ITeS	-	Information Technology enabled Services
KMO	-	Kaiser-Meyer-Olkin Measure of Sampling Adequacy
KRAs	-	Key Result Areas
MICE	-	Meetings, Incentives, Conferences, Exhibitions
MoU	-	Memorandum of Understanding
MSP	-	Me Selling Proposition
MuSeS	-	Multi-Sensory Sort
MXR	-	Mixed Reality Laboratory
Nasscom	-	National Association of Software and Services Companies
NCAER	-	National Council for Applied Economic Research
NHAI	-	National Highways Authority of India
NSSO	-	National Sample Survey Office
OSP	-	Organization Selling Proposition
PAT	-	Profit after Tax
PDR	-	People's Democratic Republic
PLS	-	Partial Least Squares
POS	-	Point-of-Sale
QoE	-	Quality of Experience
QSRs	-	Quick Service Restaurants
RBI	-	Reserve Bank of India
RevPAR	-	Revenue Per Available Room
ROE	-	Return on Ego
ROI	-	Return on Investment

SAARC	-	South Asian Association for Regional Co-Operation (India, Pakistan, Bangladesh, Sri Lanka, Nepal, Bhutan, Maldives)
SAM	-	Self-Assessment Manikin
SBI	-	State Bank of India
SEBI	-	Securities and Exchange Board of India
SEZ	-	Special Economic Zone
SIC	-	Standard Industrial Classification
SM	-	Sensory Marketing
TCGL	-	Tourism Corporation of Gujarat Ltd
TFCI	-	Tourism Finance Corporation of India Ltd
USP	-	Unique Selling Proposition
VoA	-	Visa on Arrival
WoM	-	Word of Mouth
WTTC	-	World Travel and Tourism Council
YoY	-	Year-on-Year

KEY WORDS

Advertising Scenting, Audio Marketing, Augmented Service, Brand, Brand Awareness, Brand Loyalty, Brand Positioning, Competitive Advantage, Contemporary Marketing, Development of Hospitality Industry, Differentiation, Economic Recession, Economic Structure, Environmental Scenting, Experiential Marketing, Experiential Needs, Financial Crisis, Globalisation, Gustative Marketing, Holistic Sales Proposition, Hospitality Industry, Hospitality Industry in India, Hospitality Marketing, Hotel Classification, Human Senses, Inflation, Intangibles, Liberalisation, Multi-sensory Brand-Experience, Multisensory Marketing, Olfactory Marketing, Primary Sector, Product Scenting, Relationship Marketing, Secondary Sector, Sensory Authenticity, Sensory Consistency, Sensory Cues, Sensory Innovation, Sensory Marketing, Sensory Marketing Framework, Sensory Ownership, Service Quality, Service Sector, Smashable Brands, Styling Elements, Sustainable Hospitality, Tactile Marketing, Tertiary Sector, Traditional Marketing, Transactional Marketing, Value Differentiation, Visual Marketing.

CHAPTER- I

INTRODUCTION

1.0 Introduction

India's recent escalation and development with 1.2 billion people and being the world's fourth largest economy has been one of the most significant achievements. Over the six and half decades since independence, India has brought about a landmark agricultural revolution that has transformed the nation from her chronic dependence on grain imports into a global agricultural powerhouse that is now a net exporter of food. Life expectancy has more than doubled, literacy rates have quadrupled, health conditions have improved, and a sizeable middle class has emerged. India is now home to globally- recognized companies in pharmaceuticals, steel, information and space technologies, and is now recognized as a growing voice on the international stage i.e. more in keeping with her enormous size and potential.

Historic changes are unfolding and unleashing a host of new opportunities to forge a 21^{st} century nation. India will soon have the largest and youngest workforce the world has ever seen. At the same time, the country is in the midst of a massive wave of urbanization as some 10 million people move to towns and cities each year in search of jobs and opportunities, which is also the largest rural-urban migration of this century. These historic changes unfolding have placed India at a unique juncture.

Indian Economy – An Overview

The Indian economy, following the slowdown induced by the global financial crisis in 2008-09, responded strongly to fiscal and monetary stimulus and achieved a growth rate of 8.6 per cent and 9.3 per cent respectively in 2009-10 and 2010-11. However, with the economy exhibiting inflationary tendencies, the Reserve Bank of India (RBI) started raising policy rates in March 2010. High rates as well as policy constraints adversely impacted investment and in the subsequent two years viz. 2011-12 and 2012-13, the growth rate slowed to 6.2 per cent and 5.0 per cent respectively. Nevertheless, despite this slowdown, the Compound Annual Growth Rate (CAGR) for Gross Domestic Product (GDP) at factor cost, over the decade ending 2012-13 is 7.9 per cent.

According to 'Ipsos Economic Pulse of the World' survey, India's economic confidence grew by 8 points to 68 per cent in the month of January 2013 as compared to December 2012, making it the second most economically confident country in the world. India's services sector has emerged as a prominent sector in terms of its contribution to national and state incomes, in a comparison of the services performance done across the top 15 countries over the 11 year period from 2001 to 2011. India stood first in terms of increase in share of services in the Gross Domestic Product (GDP) with 8.1 per cent, among top 15 countries during 2001-2011. According to Cushman & Wakefield's report 'International Investment Atlas' India was among the top 20 real estate investment markets globally with investment volume of Rs 190 billion (US$ 3.46 billion) recorded in 2012. According to Deloitte, India is also expected to be the second largest manufacturing country globally, followed by Brazil as the third ranked country in the next five years.

The World Bank's latest India Development Update, a bi-annual report on the Indian economy, stated that India is expected to record 6.1 per cent Gross Domestic Product (GDP) growth in the current fiscal and this growth is expected to increase further to 6.7 per cent in 2014-15. While, the Prime Minister's Economic Advisory Panel expects the economic growth rate to increase to 6.4 per cent in 2013-14 from 5 per cent during 2012-13, on the basis of improvement in performance of agriculture and manufacturing sectors.

Table 1.0 Growth in GDP at Factor Cost at 2004-5 Prices (per cent)

	2005-06	2006-07	2007-08	2008-09	2009-10^3R	2010-11^2R	2011-12^1R	2012-13^AE
Agriculture, forestry & fishing	5.1	4.2	5.8	0.1	0.8	7.9	3.6	1.8
Mining & quarrying	1.3	7.5	3.7	2.1	5.9	4.9	-0.6	0.4
Manufacturing	10.1	14.3	10.3	4.3	11.3	9.7	2.7	1.9
Electricity, gas, & water supply	7.1	9.3	8.3	4.6	6.2	5.2	6.5	4.9
Construction	12.8	10.3	10.8	5.3	6.7	10.2	5.6	5.9
Trade, hotels, & restaurants, transport & communication	12.0	11.6	10.9	7.5	10.4	12.3	7.0	5.2
Financing, insurance, real estate & business services	12.6	14.0	12.0	12.0	9.7	10.1	11.7	8.6
Community, social & personal services	7.1	2.8	6.9	12.5	11.7	4.3	6.0	6.8
GDP at factor cost	**9.5**	**9.6**	**9.3**	**6.7**	**8.6**	**9.3**	**6.2**	**5.0**

Source : Central Statistics Office (CSO).
Notes: 1R : First Revised Estimate, 2R: Second Revised Estimate, 3R: Third Revised Estimate, AE : Advance Estimate.

Gross Fixed Capital Formation (GFCF) at current price is estimated to expand by 2.47 per cent in 2012-13. GFCF, at current prices, is estimated at Rs. 7, 55, 466 crore (US$ 139.63 billion) in Q3 of 2012-13 as against Rs. 6, 75, 030 crore (US$ 124.76 billion) in Q3 of 2011-12. India's per capita income is estimated to have gone up 11.7 per cent to Rs 5,729 (US$ 105.88) per month in 2012-13 at current prices, compared with Rs 5,130 (US$ 94.81) in the previous fiscal reflecting an overall improvement in the living standard. The value of exports during February, 2013 was valued at US$ 26, 259.36 million and the cumulative value of exports for the period April-February 2012 -13 was US$ 265, 946.37 million.

1.1.1 Foreign Direct Investment (FDI) in India

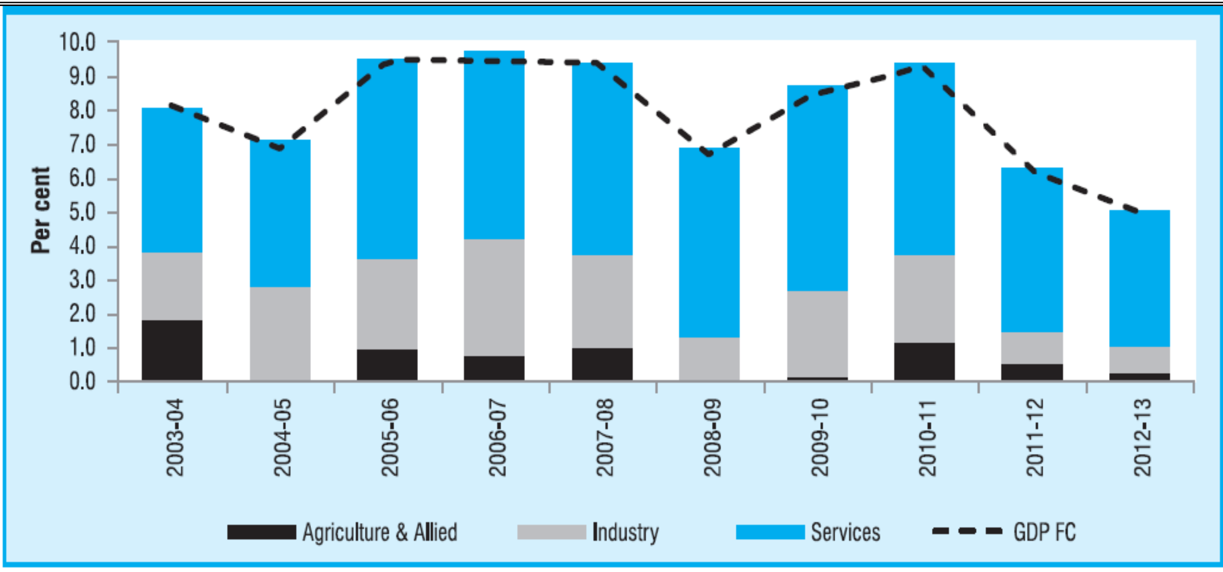
The latest data released by the Department of Industrial Policy and Promotion (DIPP) revealed that India received FDI worth US$ 30.82 billion during April-January 2012-13 while FDI equity inflows during January 2013 stood at US$ 2.16 billion. The sectors which have received high level of FDI during the first ten months of 2012-13 include services (US$ 4.66 billion), construction (US$ 1.21 billion), drugs & pharmaceuticals (US$ 1 billion), hotel and tourism (US$ 3.19 billion), metallurgical industries (US$ 1.38 billion) and automobile (US$ 895 million).

According to the data released by Reserve Bank of India (RBI) Indian companies have invested US$ 1.65 billion abroad in February 2013. According to data published by Securities and Exchange Board of India (SEBI) Foreign Institutional Investors (FIIs) made a net investment (including equity and debt) worth Rs 168,367 crore (US$ 30.72 billion) in 2012-13. Moreover, US$ 310.47 million in the equity and US$ 41.32 million in the debt market were invested by FIIs, as on May 16, 2013, as per the SEBI data. Foreign Exchange Earnings (FEE) from tourism in India registered a growth of 19 per cent to touch Rs 10,186 crore (US$ 1.86 billion) in February 2013 as compared to Rs 8,502 crore (US$ 1.55 billion) during the same period last year.

The growth in the Indian economy as observed in the last decade has increasingly come from the services sector, whose contribution to overall growth of the economy has been 65 per cent, while that of the industry and agriculture sectors has been 27 per cent and 8 per cent respectively.

The following figure shows the contributions of these sectors to the overall growth of the Indian economy from 2003-04 to 2012-13.

Fig 1.0 GDP Growth and Point Contribution of Different Sectors



Note : Data for 2012-13 is as per Advance Estimates released by CSO.

1.2 Agriculture and Food Management

Agriculture is the dominant sector of Indian economy which determines the growth and sustainability of it. About 65 per cent of the population still relies on agriculture for employment and livelihood. India is the first in the world in the production of milk, pulses, jute and jute-like fibres; second in rice, wheat, sugarcane, groundnut, vegetables, fruits and cotton production; and is a leading producer of spices and plantation crops as well as livestock, fisheries and poultry.

However, agriculture including allied activities, accounted for only 14.1 per cent of the GDP in 2011-12. The declining share of the agriculture and allied sector in the country's GDP is consistent with the normal development trajectory of any fast growing economy, but fast agricultural growth remains vital for jobs, incomes, and food security. Average annual growth of the agriculture and allied sector during the Eleventh Five Year Plan at 3.6 per cent fell short of the target of 4 per cent but was higher than the average annual growth of 2.5 and 2.4 per cent achieved during the Ninth and Tenth Plans respectively.

An important reason for the dynamism of the agriculture sector has been a step up in the Gross Capital Formation (GCF) relative to GDP of this sector. Overall GCF in agriculture (including the allied sector), more than doubled in the last 10 years and registered an average annual growth of 8.1 per cent. During the Eleventh Plan period, food grains production witnessed an increasing trend, except in 2009-10. During 2011-12, total food grains production reached a record of 259.3 million tonnes. However, the production of 2012-13 kharif crops is likely to be adversely affected by deficiency in the south-west monsoon and resultant acreage losses. The output for all the major crops is expected to decline. In order to boost investments in the sector, the Government of India has allowed 100 per cent Foreign Direct Investment (FDI) under automatic route in storage and warehousing including cold storages. The government has also allowed 100 per cent FDI under the automatic route for the development of seeds.

1.3 Industry and Infrastructure

Sluggish industrial performance has also affected corporate performance. The rate of growth of sales of the listed manufacturing companies in the private sector declined from an average of 28.8 per cent in the first quarter of 2010-11 to 11.4 per cent in the second quarter of 2012-13.

The aggregate resource flow to industry, including credit disbursed by the banks and money raised in domestic and overseas market through other instruments, however, has been showing some signs for optimism. The total flow of financial resources to the commercial sector in the current financial year so far (up to 11 January 2013) has been higher compared to the corresponding period of the previous year.

The eight core infrastructure industries registered a growth of 3.3 per cent during April-December 2012 compared to 4.8 per cent during the same period of the previous year. The decline in growth in the current year so far is mainly on account of negative growth witnessed in the production of coal, natural gas, and fertilizers. Among infrastructure services, freight traffic by railways has been comparatively higher during the first eight months of the current year. In the road sector the National Highways Authority of India (NHAI) achieved 17.3 per cent growth in widening and strengthening of highways during April-November 2012.

1.4 Services Sector

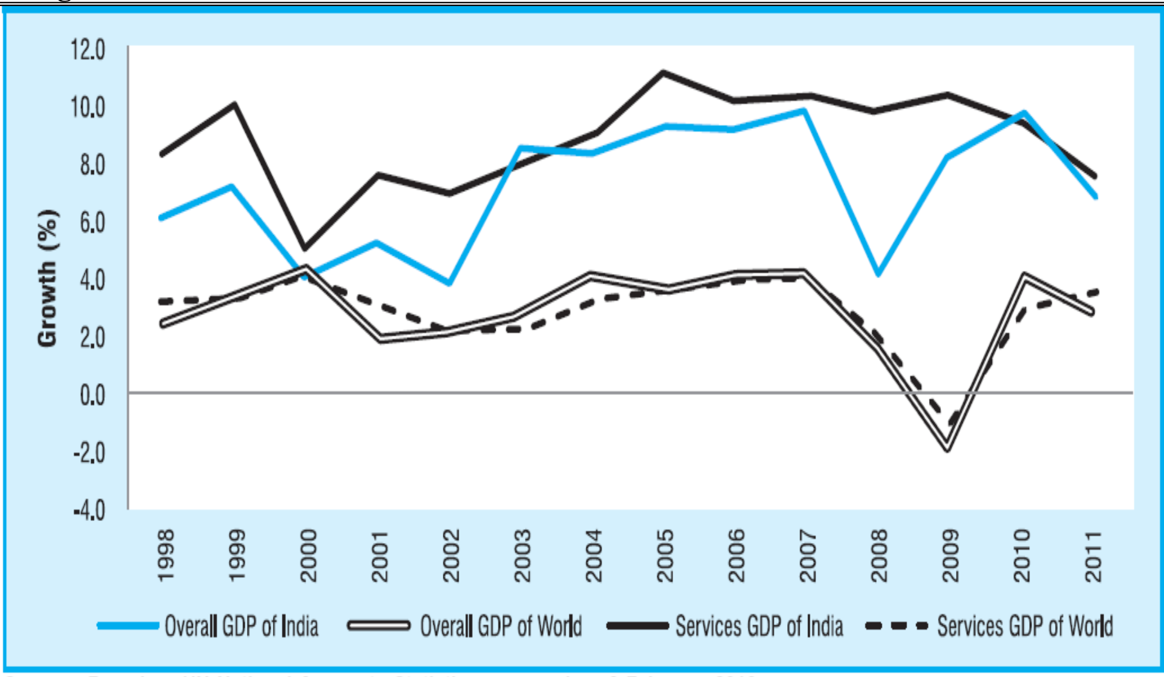
The services sector covers a wide array of activities ranging from services provided by the most sophisticated sectors like telecommunications, satellite mapping, and computer software to simple services like those performed by the barber, the carpenter, and the plumber; highly capital-intensive activities like civil aviation and shipping to employment-oriented activities like tourism, real estate, and housing; infrastructure-related activities like railways, roadways, and ports to social sector related activities like health and education. Thus, there is no one-size–fits- all definition of services resulting in some overlapping and some borderline inclusions. The National Accounts classification of the services sector incorporates trade, hotels, and restaurants; transport, storage, and communication; financing, insurance, real estate, and business services; and community, social, and personal services.

1.4.1 An Overview of India's Services Sector

India ranked 9th in overall GDP and 10th in services GDP among the top 15 countries with the highest overall GDP in 2011. A comparison of the services performance of the top 15 countries in the eleven-year period from 2001 to 2011 shows that the increase in share of services in GDP is the highest for India (8.1 per centage points) followed by Spain. While China's highest services Compound Annual Growth Rate (CAGR) of 11.1 per cent was accompanied by marginal change in its share of services for this period, India's very high CAGR (9.2 per cent) which was second highest was also accompanied by the highest change in its share. India's services sector has emerged as a prominent sector in terms of its contribution to national and states incomes, trade flows, FDI inflows, and employment.

Services GDP - The growth story overall and services of world and India in the 2000s began from almost the same level of around 4-5 per cent. But over the years, India's overall and services growth rates have outpaced those of the world. Interestingly, unlike world services growth, which has been moving in tandem with its overall growth with mild see-saw movements over the years, India's services growth has been consistently above its overall growth in the last decade except for 2003. Thus, this sector has been pulling up the growth of the Indian economy with a great amount of stability (Figure 1.1).

Fig 1.1 Growth Rate of Services GDP and Overall GDP – India and World



Source : Based on UN National Accounts Statistics accessed on 2 February 2013.

As per Advance Estimates (AE) the share of services in India's GDP at factor cost (at current prices) increased from 33.3 per cent in 1950-1 to 56.5 per cent in 2012-13, including construction, the share would increase to 64.8 per cent in 2012-13. Among the various services sub-sectors trade, hotels, and restaurants as a group is the largest contributor to India's GDP with an 18.0 per cent share, followed by financing, insurance, real estate, and business services with a 16.6 per cent share. Community, social, and personal services with a share of 14.0 per cent is in third place. Construction, a borderline services inclusion, is at fourth place with an 8.2 per cent share.

Table 1.1 Share and Growth of India's Services Sector (at factor cost)

(per cent)

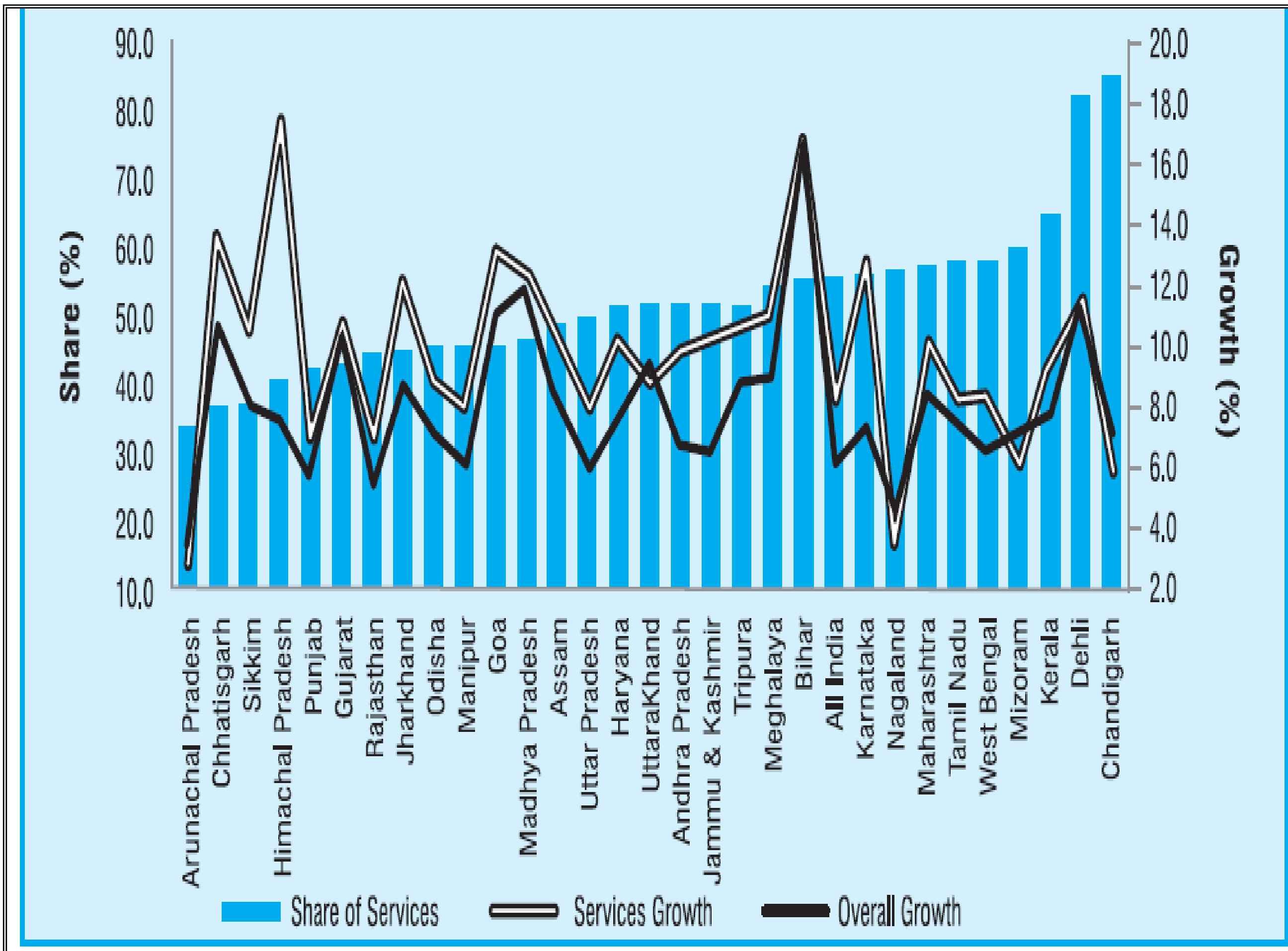
	2000-01	2005-06	2006-07	2007-08	2008-09	2009-10^	2010-11@	2011-12*	2012-13**
Trade, hotels, & restaurants	**14.6 (5.2)**	**16.7 (12.2)**	**17.1 (11.1)**	**17.1 (10.1)**	**16.9 (5.7)**	**16.5 (7.9)**	**17.2 (11.5)**	**18.0 (6.2)**	**25.1# (5.2)**
Trade	13.3 (5.0)	15.1 (11.6)	15.4 (10.8)	15.4 (9.8)	15.3 (6.7)	15.1 (8.5)	15.7 (11.5)	16.6 (6.5)	
Hotels & restaurants	1.3 (7.0)	1.6 (17.4)	1.7 (14.4)	1.7 (13.0)	1.5 (-3.3)	1.4 (1.9)	1.5 (10.8)	1.5 (2.8)	
Transport, storage, & communication	**7.6 (9.2)**	**8.2 (11.8)**	**8.2 (12.6)**	**8.0 (12.5)**	**7.8 (10.8)**	**7.7 (14.8)**	**7.3 (13.8)**	**7.1 (8.4)**	
Railways	1.1 (4.1)	0.9 (7.5)	0.9 (11.1)	1.0 (9.8)	0.9 (7.7)	0.9 (8.8)	0.8 (5.9)	0.7 (7.5)	
Transport by other means	5.0 (7.7)	5.7 (9.3)	5.7 (9.0)	5.6 (8.7)	5.5 (5.3)	5.3 (7.3)	5.3 (8.2)	5.4 (8.6)	
Storage	0.1 (6.1)	0.1 (4.7)	0.1 (10.9)	0.1 (3.4)	0.1 (14.1)	0.1 (19.3)	0.1 (2.2)	0.1 (9.4)	
Communication	1.5 (25.0)	1.6 (23.5)	1.5 (24.3)	1.4 (24.1)	1.4 (25.1)	1.4 (31.5)	1.1 (25.4)	0.9 (8.3)	
Financing, insurance, real estate, & business services	**13.8 (4.5)**	**14.5 (12.6)**	**14.8 (14.0)**	**15.1 (12.0)**	**15.9 (12.0)**	**15.8 (9.7)**	**16.0 (10.1)**	**16.6 (11.7)**	**17.2 (8.6)**
Banking & insurance	5.4 (-2.4)	5.4 (15.8)	5.5 (20.6)	5.5 (16.7)	5.6 (14.0)	5.4 (11.4)	5.6 (14.9)	5.7 (13.2)	
Real estate, ownership of , dwellings & business services	8.7 (7.5)	9.1 (10.6)	9.3 (9.5)	9.6 (8.4)	10.3 (10.4)	10.4 (8.3)	10.4 (6.0)	10.8 (10.3)	
Community, social, & personal services	**14.8 (4.6)**	**13.5 (7.1)**	**12.8 (2.8)**	**12.5 (6.9)**	**13.3 (12.5)**	**14.5 (11.7)**	**14.0 (4.3)**	**14.0 (6.0)**	**14.3 (6.8)**
Public administration & defence	6.6 (1.9)	5.6 (4.3)	5.2 (1.9)	5.1 (7.6)	5.8 (19.8)	6.6 (17.6)	6.1 (0.0)	6.1 (5.4)	
Other services	8.2 (7.0)	7.9 (9.1)	7.6 (3.5)	7.4 (6.3)	7.5 (7.4)	7.8 (7.2)	7.9 (8.0)	7.9 (6.5)	
Construction	**6.0 (6.1)**	**7.9 (12.8)**	**8.2 (10.3)**	**8.5 (10.8)**	**8.5 (5.3)**	**8.2 (6.7)**	**8.2 (10.2)**	**8.2 (5.6)**	**8.2 (5.9)**
Total Services	**50.8 (5.4)**	**53.1 (10.9)**	**52.9 (10.1)**	**52.7 (10.3)**	**53.9 (10.0)**	**54.5 (10.5)**	**54.4 (9.8)**	**55.7 (8.2)**	**56.5 (6.6)**
Total Services (incl. Construction)	**56.8 (5.5)**	**61.0 (11.1)**	**61.0 (10.1)**	**61.2 (10.3)**	**62.4 (9.4)**	**62.7 (10.0)**	**62.6 (9.8)**	**63.9 (7.9)**	**64.8 (6.5)**
Total GDP	**100.0 (4.3)**	**100.0 (9.5)**	**100.0 (9.6)**	**100.0 (9.3)**	**100.0 (6.7)**	**100.0 (8.6)**	**100.0 (9.3)**	**100.0 (6.2)**	**100.0 (5.0)**

Source : Central Statistics Office (CSO).

Notes : Shares are in current prices and growth in constant prices;
Figures in parenthesis indicate growth rate;
* first revised estimates, @ second revised estimates, ^ third revised estimates,
** Advance Estimate (AE);
# includes the shares and growth of both trade, hotels, & restaurants and transport, storage, & communication only for 2012-13.

The CAGR of the services sector GDP at 10 per cent for the period 2004-5 to 2011-12 has been higher than the 8.5 per cent CAGR of overall GDP during the same period. However, in 2011-12 and 2012-13, there has also been a deceleration in growth rate of services sector at 8.2 per cent and 6.6 per cent respectively. Among the major broad categories of services, ‘financing, insurance, real estate, and business services’, which continued to grow robustly both in 2010-11 and 2011-12 decelerated to 8.6 per cent in 2012-13. While in 2011-12 growth in ‘trade, hotels, and restaurants’ and ‘transport, storage, and communication’ slowed down to 6.2 per cent and 8.4 per cent respectively, in 2012-13 ‘trade, hotels, and restaurants’ and ‘transport, storage, and communication’ combined grew by an estimated 5.2 per cent.

Fig 1.2 State Wise Comparision of Share and Growth of Service Sector in 2011-12



Source : Computed from CSO data.

Notes : Data in the case of Gujarat and Mizoram are from 2010-11.

Shares at current prices, growth rate at constant (2004-5) prices.

FDI in the Services Sector - The growth of the services sector is closely linked to the FDI inflows into this sector and the role of transnational firms. While the ambiguity in classifying the different activities under the services sector continues, the combined FDI share of financial and non-financial services, construction development, telecommunications, computer hardware and software, and hotel and tourism can be taken as a rough estimate of the FDI share of services, though it could include some non-service elements. This share is 47 per cent of the cumulative FDI equity inflows during the period April 2000- November 2012. The five service sectors are also the sectors attracting the highest cumulative FDI inflows to the economy with financial and nonfinancial services topping the list at US$ 36.04 billion during the period April 2000-November 2012. This is followed by other service sectors like —construction development (US$21.77 billion), telecommunication (US $12.62 billion), and computer software and hardware (US $ 11.54 billion). If the shares of some other services or service-related sectors like trading (1.96 per cent), information and broadcasting (1.65 per cent), consultancy services (1.11 per cent), construction (infrastructure) activities (1.06), ports (0.88 per cent), agriculture services (0.80 per cent), hospital and diagnostic centers (0.82 per cent), education (0.36 per cent), air transport including air freight (0.24 per cent), and retail trading (0.02 per cent) are included then the total share of cumulative FDI inflows to the services sector would be 56.08 per cent.

In 2011-12, FDI inflows to the services sector (top five sectors including construction) grew robustly at 57.62 per cent to US $ 12.14 billion compared to the growth of overall FDI inflows at 33.6 per cent. However, in 2012-13 (April-November), overall FDI inflows fell by 43.3 per cent to US$ 15.85 billion from US$ 27.93 billion in the corresponding period of the previous year. Following this trend, FDI inflows in the top five services also fell by 9.7 per cent to US $ 8.19 billion. Among them, while FDI inflows to the top four services sectors fell in the range of 14 to 97 per cent, FDI inflows to the hotel and tourism sector increased by a very high 328 per cent over the corresponding period in the previous year.

Services Employment in India - The pattern of sectoral share of employment has changed over the last two decades with the share of agriculture falling from 64.75 per cent in1993-4 to 53.2 per cent in 2009-10 and of industries (excluding construction) falling from 12.43 per cent to 11.9 per cent. The shares of the services and construction sectors in employment, on the other hand, increased in the same period from 19.70 per cent to 25.30 per cent and 3.12 per cent to 9.60 per cent respectively. As per the National Sample Survey Office's (NSSO) report on Employment and Unemployment Situation in India 2009-10, on the basis of usually working persons in the principal and subsidiary statuses, for every 1000 people employed in rural India, 679 people are employed in the agriculture sector, 241 in the services sector (including construction), and 80 in the industrial sector. In urban India, 75 people are employed in the agriculture sector, 683 in the services sector (including construction) and 242 in the industrial sector. Construction; trade, hotels, and restaurants; and public administration, education, and community services are the three major employment-providing services sectors.

Performance of Services Firms: A Sectoral Overview - The Centre for Monitoring Indian Economy's (CMIE) analysis of the sector-wise performance of services activities based on firm-level data show that the performance of sectors such as transport logistics, aviation and construction in the year 2012-13 is subdued in comparison to with the previous year. High negative PAT in hotel sector continued. The health services and telecom sectors are projected to have rebounded in the year 2012-13. Overall the year 2013-14 is projected to be better for most of the sectors, except retail trading, which is projected to have negative growth in profitability. This negative growth is contributed by two factors—one is the base effect with high Profit After Tax (PAT) growth in the year 2012-13; and the other is an expected shrinking of margins in 2013-14 due to increase in operating costs and price cuts driven by high competition (Table 1.2).

Table 1.2 Performance of Select Services Firms

Sector	Annual Growth (per cent change over previous year)								
	Sales			PAT			Expenditure		
	2011-12	2012-13*	2013-14*	2011-12	2012-13*	2013-14*	2011-12	2012-13*	2013-14*
Transport logistics	11.0	1.8	11.9	5.8	-2.5	16.3	13.4	3.1	10.8
Shipping	9.3	12.9	4.2	-78.5	63.7	84.0	23.0	9.5	0.0
Aviation	10.6	-0.2	8.0	-	-	-	21.0	-4.2	7.5
Retail trading	-10.3	10.6	12.3	24.9	169.6	-59.4	-2.5	7.8	12.3
Health services	16.6	21.1	19.5	-22.0	52.4	24.7	18.8	20.0	17.8
Hotel	9.2	9.5	11.0	-77.5	-76.2	-11.7	16.4	12.9	10.9
Telecom	8.9	9.5	11.8	-71.0	39.9	56.2	13.0	12.6	11.4
Software	21.3	19.3	10.7	16.2	19.6	5.2	26.0	18.5	11.8
Construction	18.6	12.1	17.2	-2.6	0.4	19.3	21.6	13.6	16.4

Source: CMIE Industry Analysis (Compiled by Exim Bank of India).

Note: * Forecast.

1.4.1.1 Indian Aviation Industry

The aviation sector in India holds immense potential for growth; more so because it receives great impetus from the booming tourism industry driven by higher disposable incomes and favourable demographics. The last five years have witnessed significant investments by large and small domestic companies, indigenous aerospace and defence industry has been evolving in a big way.

According to the data released by Department of Industrial Policy and Promotion (DIPP) the total domestic passengers carried by the scheduled domestic airlines in November 2012 were 5.02 million (465, 000 higher than those carried in October 2012). The number of passengers carried by domestic airlines was 53.4 million between January-November 2012. The air transport (including air freight) in India has attracted Foreign Direct Investment (FDI) worth US$ 448.40 million from April 2000 to December 2012. Moreover, according to 'Indian Aviation: Spreading its Wings'- a report prepared by PwC with an industry body, the Indian civil aviation sector has continued to witness high passenger growth (domestic traffic Compounded Annual Growth Rate [CAGR] is 17 per cent from 2009 to 2011), and if the trend sustains, it could be among the top three aviation markets in the world by 2020.

1.4.1.2 Banking Sector in India

Banking is the heart of India's financial services sector. The banking industry has undergone numerous changes over the past few years to be at par with international banking norms and standards. While the banks' motive has shifted from social banking to profit banking, dependence on ledgers, documents, cheques and slips has been replaced by electronic initiatives or cashless banking.

According to the Reserve Bank of India (RBI)'s 'Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks', March 2012, Nationalized Banks accounted for 53.0 per cent of the aggregate deposits, while the State Bank of India (SBI) and its Associates accounted for 21.8 per cent. The share of New Private Sector Banks, Old Private Sector Banks, Foreign Banks, and Regional Rural Banks in aggregate deposits was 13.0 per cent, 4.8 per cent, 4.4 per cent and 3.0 per cent, respectively. Nationalized Banks accounted for the highest share of 52.0 per cent in gross bank credit followed by State Bank of India and its Associates (22.5 per cent) and New Private Sector Banks (13.5 per cent). Foreign Banks, Old

Private Sector Banks and Regional Rural Banks had shares of around 4.8 per cent, 4.8 per cent and 2.4 per cent, respectively

RBI revealed that foreign exchange reserves increased by US$ 1.05 billion and stood at US$ 293.37 billion for the week ended March 22, 2013. Furthermore, India's economic expansion has made Indian banks more global in their approach. Ten banks have opened 100 branches in foreign jurisdictions as of February, 2013. Increasing mobile penetration, coupled with higher Smartphone adoption has led an uptrend in mobile banking. Number of transactions through mobile banking witnessed a jump of 64 per cent in the April-December 2012 period, according to data from the RBI.

1.4.1.3 Healthcare Industry in India

India is the most competitive destination with advantages of lower cost and sophisticated treatments, as highlighted by the RNCOS report titled 'Indian Healthcare - New Avenues for Growth'. The Indian healthcare sector is estimated to reach US$ 100 billion by 2015, growing 20 per cent year-on-year (y-o-y), as per rating agency Fitch. The industry is expected to touch US$ 280 billion by 2020, on the back of increasing demand for specialised and quality healthcare facilities.

According to data provided by Department of Industrial Policy and Promotion (DIPP) the hospital and diagnostic centre in India has attracted Foreign Direct Investment (FDI) worth US$ 1,542.35 million, while drugs & pharmaceutical and medical & surgical appliances industry has registered FDI worth US$ 9,783.31 million and US$ 584.14 million, respectively during April 2000 to December 2012. As per RNCOS report titled 'Indian Pharma Sector Forecast 2014'.Indian pharmaceutical industry is projected to show double-digit growth in near future owing to a rise in pharmaceutical outsourcing and rising investments by multinational companies.

1.4.1.4 Real Estate Industry in India

The Indian economy has witnessed robust growth in the last few years and is expected to be one of the fastest growing economies in the coming years. Demand for commercial property is being driven by India's economic growth. The sector is not only the biggest contributor to Gross Domestic Product (GDP) of the country but is also the fourth largest sector in terms of Foreign Direct Investment (FDI) inflows in the country. Construction development sector (including townships, housing, built-up infrastructure & construction-development projects) has attracted a cumulative FDI worth US$ 21,765.55 million from April 2000 to November 2012. FDI flows into the construction sector for the period April-October 2012-13 stood at US$ 691 million, (Department of Industrial Policy and Promotion - DIPP).

The two main reasons responsible for boom in the real estate industry in India include liberalisation of Government policies, which has decreased the need for permissions and licenses before taking up mega construction projects and the expanding industrial sector. The Indian real estate market size is expected to touch US$ 180 billion by 2020. In fact, the demand is expected to grow at a Compound Annual Growth Rate (CAGR) of 19 per cent between 2010 and 2014, with tier I metropolitan cities projected to account for about 40 per cent of this.

1.4.1.5 Indian Telecom Industry

The telecommunication services have been recognised as an important tool for socio-economic development of a nation. It is one of the prime support services needed for rapid growth and modernisation of various sectors of the economy. India with a user base of 120 million is the world's third largest internet market and is poised to have up to 370 million users in 2015.

India is expected to have 130.6 million mobile internet users by March 2014, according to a joint study by the Internet and Mobile Association of India (IAMAI) and Indian Market Research Bureau (IMRB). The number of users accessing internet through mobile devices was 87.1 million in December 2012.

With the number of internet connections and the usage of computing devices on the rise, India's internet industry can contribute up to US$ 100 billion to India's Gross Domestic Product (GDP) and generate about 22 million jobs by 2015, as per a report titled 'Online and Upcoming: The internet's Impact on India', released by McKinsey and Co. Internet services and devices industry has potential to increase its contribution up to 3.3 per cent to the country's GDP by 2015. The telecommunications industry attracted Foreign Direct Investments (FDI) worth US$ 12,623 million between April 2000 to December 2012, an increase of 7 per cent to the total FDI inflows in terms of US$, according to the latest data published by Department of Industrial Policy and Promotion (DIPP).

1.4.1.6 Education Sector in India

Education is an important means of modernisation. There is a huge demand for up gradation of education as India is expected to have a surplus of 47 million people in the working age group by 2020. As a result, both the formal education sector (including K-12 and higher education) as well as informal sector (including coaching institutions, pre-schools and vocational institutions) are witnessing rapid growth in India.

According to the consulting firm Technopak the Indian education system, considered as one of the largest in the world, and is divided into two major segments of core and non-core businesses. India Ratings expects the Indian education sector's market size to increase to Rs 602,410 crore (US$ 111.16 billion) by FY15 due to the expected strong demand for quality education. The sector grew at a compounded annual growth rate of 16.5 per cent during FY05-FY12. The private education sector is estimated to reach US$ 70 billion by 2013 and US$ 115 billion by 2018.

According to the data released by the Department of Industrial Policy and Promotion (DIPP) the education sector has attracted Foreign Direct Investments (FDI) worth Rs 3,239.76 crore (US$ 597.68 million) during April 2000 to December 2012.

1.4.1.7 Financial Services in India

The Indian financial services market happens to be one of the oldest and robust across the globe, comprising primary markets, Foreign Direct Investments (FDI), alternate investment options, banking, insurance and asset management segment. It is definitely fast growing and best among other emerging economies. Insurance Sector: Life insurance industry, comprising over 20 companies, including public sector Life Insurance Corporation (LIC) of India, collected total premium of Rs 84, 501.75 crore (US$ 15.48 billion) during the April-February period of 2012-13 fiscal. Private insurers together raked-in Rs 23, 796.29 crore (US$ 4.36 billion) in these 11 months.

1.4.1.8 IT & ITeS Industry in India

The Indian Information Technology (IT) and Information Technology enabled Services (ITeS) sectors go hand-in-hand in every aspect. The industry has employed almost 10 million Indians and hence, has contributed a lot to social transformation in the country.

Industry body National Association of Software and Services Companies (Nasscom) predicts that the ITeS industry will bring in around US$ 225 billion by 2020, wherein 80 per cent of the growth would come from the presently untapped sectors and regions.

According to Nasscom, a majority of the Fortune 500 and Global 2000 corporations are sourcing IT/ITES from India and it is the premier destination for the global sourcing of IT & ITES accounting for 55 per cent of the global market in offshore IT services and garnering 35 per cent of the ITES/BPO market. India's IT and BPO sector exports are expected to grow by 12-14 per cent in FY14 to touch US$ 84 billion - US$ 87 billion. The report entitled 'Online and Upcoming: The internet's Impact on India', released by McKinsey and Co. stated that internet industry of India is expected to contribute US$ 100 billion to the country's Gross Domestic Product (GDP) and generate about 22 million jobs by 2015. The Department of Industrial Policy and Promotion (DIPP) also stated that between April 2000 and December 2012, the computer software and hardware sector attracted cumulative Foreign Direct Investment (FDI) of Rs 52,377.08 crore i.e. US$ 9.63 billion.

1.5 Tourism & Hospitality Industry in India

India's rich cultural heritage and history, food, friendly people, architectural monuments, hospitality and services are positive strengths for its tourism sector, which place it ahead of many of the emerging markets.

Today, tourism is the most vibrant tertiary sectors and has a strong hold on the economy. The sector contributes 6.23 per cent to the national Gross Domestic Product (GDP) and 10.2 per cent of the total employment in India. As per the Twelfth Five Year Plan approach paper, India’s travel and tourism sector is estimated to create 78 jobs per million rupees of investment compared to 45 jobs per million rupees in the manufacturing sector. Moreover, according to the report entitled 'Competitiveness of Tourism Sector in India with Selected Other Countries of the World' by Ministry of Tourism, stated that India stands 42nd in the world rankings in terms of Foreign Tourist Arrivals (FTAs) in the country. The World Travel and Tourism Council (WTTC) named India as one of the fastest growing tourism industries for the next 10 to 15 years. In addition, as per the RNCOS report entitled 'Booming Medical Tourism in India', India has also developed as one of the world's most cost-efficient medical tourism destinations, and is anticipated that the Indian medical tourism market will register a Compound Annual Growth Rate (CAGR) of 27 per cent during 2011-15.

As per the data provided by Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce, the amount of Foreign Direct Investments (FDI) inflow into the hotel and tourism sector during April 2000 to January 2013 was worth US$ 6,561.78 million. FTAs have shown a growth of 2.8 per cent in March 2013 over March 2012 while the growth rate in Foreign Exchange Earnings (FEEs) from tourism stood at 21 per cent over the same period in rupee terms. FTA during March 2013 was recorded at 640,000 as compared to 623,000 during the month of March 2012. The Visa on Arrival (VoA) Scheme of the Government of India has registered a growth of 54.6 per cent in February 2013. A total number of 1,947 VoAs were issued last month as compared to 1,259 VoAs issued in February 2012.

1.5.1 Major Developments & Investments

- According to the data released by South African Tourism, India is among the top five tourism source markets for South Africa. The country has received 79,306 Indian tourists during January-September 2012.

- According to a cost comparison study done by TripAdvisor on common incidental items and services that travelers purchase while staying at a hotel, Mumbai is among the 10 most affordable destinations in the world.

- The International Tourism Mart organized by the Ministry of Tourism was inaugurated at Guwahati by Mr. Janaki Ballav Patnaik, Governor of Assam. It is the first international tourism event to be organized in the North Eastern region of India.

- India and Canada plan to strengthen cooperation in tourism sector. Both the countries will identify areas for working together and explore new opportunities in tourism sector.

- India and Japan plan to strengthen cooperation in tourism sector. Both the countries will identify areas for working together and explore new opportunities in tourism sector especially in the field of human resource development and investment in the tourism sector.

- Egypt has initiated talks with the Tata Group to set up a hotel chain in the African country.

- InterContinental Hotels Group (IHG) has signed 13 new hotels in India in 2012, boosting its existing pipeline of hotels in the country to 47.

- Marriott International plans to open 52 more properties in India over a period of four years.

- Tourism Corporation of Gujarat Ltd (TCGL) and Indian Oil Corporation Ltd (IOCL) have signed a Memorandum of Understanding (MoU) to help promote tourism in the State by offering facilities to tourists at IOCL petrol pumps.

- Accor, a European hotel operator, had first launched its property, Hotel Formule 1, in Gujarat. Now, the company is contemplating to have another property in the same city. The group owns brands like Sofitel, Pullman, MGallery, Novotel, Suite Novotel, Mercure, Adagio, Ibis, and Formule1, which range from budget to luxury hotels, and the upcoming property could be any one of them. Accor has 19 hotels with 3780 rooms and two convention centers in India. Formule 1 is its low-cost brand. After opening a Formule1 in Greater Noida recently, it opened the second Formule 1 in Ahmedabad. It is all prepared to launch a third one in Pune and intends to have 15 Formule 1 hotels in India over the next few years.

1.5.2 Government Initiatives

- The Ministry of Tourism, Government of India, has consistently been working on improving India as a prime destination for tourists. It further aims at promoting various Indian tourism products vis-à-vis competition faced from various destinations and to increase India's share of the global tourism market.

- The Government of India allows 100 per cent Foreign Direct Investment (FDI) in the hotel sector on automated basis.

- The allocation for Ministry of Tourism in the Union Budget 2013-14 has been increased by Rs 87.66 crore (US$ 16.03 million) to Rs 1,297.66 crore (US$ 237.23 million).

- Moreover, the Indian companies in the hotel sector, with a total project cost of Rs 250 crore (US$ 45.70 million) or more, irrespective of their geographical location, have been allowed to tap the External Commercial Borrowing (ECB) route. The maximum ECB by an individual company or group, as a whole, has been restricted to US$ 3 billion.

- The fourth meeting of ASEAN and India Tourism Ministers was held in Vientiane, Lao People's Democratic Republic (PDR). A protocol to amend the Memorandum of

Understanding (MoU) between ASEAN and India to strengthen tourism cooperation was also signed.

- In a bid to give a boost to tourism in Uttarakhand, the State Government has identified 21 places endowed with natural beauty to develop them into major tourist destinations.
- The Ministry of Tourism has also sanctioned Central Finance Assistance (CFA) worth Rs 43.87 crore (US$ 8.02 million) for the development of Solapur mega circuit in Maharashtra.

1.6 Hospitality Industry

The Indian Hospitality Industry is one of the fastest growing sectors of the Indian economy. Riding on the economic growth and rising income levels that India has been experiencing in the past few years, it has emerged as one of the key sectors driving the country's economy. Currently its market size is USD 23 billion, accounting for 2.2% of the GDP. The disposable income of Indians is on the rise. An average increase in household income, with more and more double income households in the urban areas, is also contributing to this phenomenon. According to National Council for Applied Economic Research (NCAER) estimates, there are 56 million people in households earning USD$4,400- US$21,800 a year, which is defined as the middle class. The upper middle and high-income urban households were estimated to have grown to 38.2 million in 2007 from 14.6 million in 2000. India topped the 2006 AT Kearney Global Retail Development Index. This is indicative of a rise in spending on consumer durables, electronics, clothes, entertainment, vacations and lifestyle products. Vacations have emerged as the top priority for disposing of extra money. Compared to 2002, Indians are now spending 30-35% more on their holidays.

Within the hospitality industry, there are a number of key industries; prominent amongst them are hotels and restaurants, each of which has witnessed a surge in their growth over the past few years.

As per an analysis by the Economy Survey of India and Technopak (2008), the Hotel industry is a USD 17 Billion industry. Of this, 70% (USD 11.85 Billion) contribution comes from the unorganized sector and the remaining 30% (USD 5.08 Billion) comes from the organized sector. A break up of the organized hotel industry indicates that the foremost contribution is coming from 5 star rated hotels. Despite a dip in the year 2009, an upward trend in growth of overall Hotel Industry is further expected, whereby it is expected to grow to USD 36 Billion by 2018.

On the demand side, over the past few years there has been a consistent increase in the number of hotel rooms which is close to 5 % in the last 3-4 years. However the rate of increase is still not enough to meet the rising demand, and requires further investment in this sector to meet the increased demand. The investment scenario however looks positive. In an addition to over 20 new international hotel brands in 2011, the Hospitality sector is expected to see an estimated investment of USD 12.17 billion in the next 2 years.

Most hotels adopt an aggressive marketing strategy for the MICE (Meetings, incentives, conferences, and exhibitions) segment and demand from this category is likely to rebound strongly. The outlook for the hospitality market in India is optimistic and will continue to remain so. The economy's buoyancy, initiatives to improve infrastructure, growth in the aviation and real estate sectors and easing of restrictions on foreign investment – will fuel demand for hotels across star categories in the majority of markets. India's hotel industry is increasingly being viewed as investment-worthy, both within the country and outside, and several international chains are keen to establish or enhance their presence here. It is anticipated that, over the next three to five years India will remain as one of the world's fastest growing tourism markets and will be hard to ignore.

Nevertheless, marketing tools innovations are overriding today, due to the evolution and the characteristics of the food industry. Therefore, Hotels have constantly to add new tools in their marketing strategy in order to get a real competitive advantage on the market. For instance, Internet, own website, booking page or even a delivery service are some of the new tools. Another tool that the Hotels have taken initiation to implement but the customer is not much aware of it is the Sensory Marketing. According to samresearch.com the general definition of the concept states that "Sensory Marketing is an effective tool in gaining sensory customer insights for a marketing strategy". It measures and explains emotional customer decision-making by variability of products, concepts, packaging, and marketing mix scenarios to ensure long-lasting success. In the food industry, sensory marketing is already being used to some extent. Many restaurants, fast-foods and bakeries try to galvanize the five senses of the customer by artificial systems like smell injector machines, lighting, sound system and so on.

According to Rieunier (2002), the sensory marketing approach tries to fill in the deficiencies of the "traditional marketing" which is too rational. Classic marketing is based on the idea that the customer is rational, that his/her behaviour is broken up in defined reasoned steps, according to the offer, the competition or the answer to his/her needs.

In contrast to the traditional marketing, sensory marketing puts the experiences lived by the customers and their feelings in the process. These experiences are not only functional, but also have sensorial, emotional, cognitive, behavioural and relational dimensions. Sensory marketing aims to create the adequacy of the products with their design and their packaging, and then to valorize the product in a commercial environment to make the product attractive. Wherein, the customer behaves according to his/her impulsions and emotions, more than his/her reason.

For many marketers and customers, the affectivity, perception, experience and pleasure are more important than the price of the product/service. Since many products are now technically found similar, they have to be differentiated or be unique in some other way. For example, the catering marketplace this statement comes highly true, because it is often difficult to differentiate between two bakeries or two pizzerias. The good taste of the product is not enough in this context. The surrounding, the sensation of pleasure created by stimulating the senses of the customers will imminently come into play and would provide competitive advantage.

To substantiate the above statement, Kotler (1973) in his research had already mentioned the need for brands to position themselves differently, i.e. according to the price or the assortment. Kotler explain the influence of the point of sale's physical environment on the behaviour of the customers and gave a definition of the atmosphere as "the creation of a consumption environment that produces specific emotional effects on the person, like pleasure or excitation that can increase his possibility of buying". He considered the creation of this atmosphere as the most important strategic way of differentiation for retailers.

In business today, there is a need for the marketers to understand that the more number of senses a brand appeals to, the stronger becomes the connection and communication with the customers. When this concept is applied to the hospitality marketplace, appealing the senses of the customers becomes the core activity. Therefore, sensory marketing is an efficient tool for the brand which wants to ameliorate its offer, as all the senses can be mastered. Sensory marketing, which need to be developed in companies as strategies, could be thus integrated as a promising marketing strategy in the future as it offers the companies “something more” than others, than the competition.

In short, it is sought to know how Sensory Marketing, which is known in a theoretical way, can be used in the real professional world. The most impelling thing about it is the subject itself: for it is always interesting to study upcoming techniques, something that has not been fully used so far but that has future ahead.

The interviews informally conducted by the researcher with the General Managers, Marketing Heads, Hotel Guests available during the course of the study and distribution of the questionnaire in the select different hotels and cities, revealed that the use of sensory marketing suffers of a lack of awareness from the hospitality marketplace’s actors. In order to make this tool gain in better knowledge, it would be interesting to develop formation and practicing of this concept, which was also suggested and given consent by the people mentioned above.

There has been tremendous growth in the hospitality sector and the markets are abuzz with anticipation. There have been a few notable hotel asset transactions and investments that have taken place, reinstating the fact that the investors and buyers have faith in the business. Budget and the mid-market segments are likely to command a greater voice as the most preferred investment categories and are most likely to sustain market demand during this passing period of uncertainty, during which concepts such as Spa resorts, convention centres and wellness centers could be sought out as interesting alternatives which drive demand and offer hotels sustainable advantages.

As the nature of Hospitality services are similar, it is essential to implement a new marketing strategy to differentiate one brand of Hotel from the other in a way to combat competition and hence the relevance of this study.

This study on Multisensory Marketing in hospitality sector holds good as it concentrates on the less explored aspect of Multisensory which positively impacts the overall growth and sustainability of the Hotels. The literature review also reveals that application of Multisensory Marketing in service sectors, specifically Hotels, is an exclusive and promising strategy.

1.7 Literature Review of Multisensory Marketing

1. Deborah J. MacInnis and Linda L. Price, (1987), "The Role of Imagery in Information Processing: Review and Extensions", The Journal of Consumer Research, Vol. 13, No. 4, Mar., 1987, pp. 473-491 - This study describes imagery, characterizing it as a processing mode in which multisensory information is represented in a gestalt form in working memory, and discusses research on the unique effects of imagery at low levels of cognitive elaboration. It specifies researchable propositions for the relationship between high elaboration imagery processing and consumer choice and consumption behaviours. Imagery is likely to have a positive impact on incidental learning. Since much of consumer learning is incidental, imagery may be even more important in consumer contexts than in other problem-solving contexts. Imagery processing also may encourage within-brand product evaluation strategies. Within-brand strategies, in turn, have implications for how missing information is dealt with. Imagery processing provides a uniquely appropriate mode for evaluating the sensory qualities of products.

2. Evelyn Gutman, (1988) "The Role of Individual Differences and Multiple Senses in Consumer Imagery Processing: Theoretical Perspectives", (1988), Advances in Consumer Research, Volume 15 – This study is based on an important marketing issue concerning how consumers evaluate information. Imagery processing can influence how consumers respond to marketing stimuli. Understanding how consumers use imagery in their multiple senses will allow markets to realize the benefits that effective use of imagery offers. This study discusses individual differences in imagery ability, single sensory vis-a-vis multisensory stimulation and neuroscience perspectives on processing in various senses to provide background for testing marketing issues. Differences in mental imagery and separation of sensory activities mean that people can be reached in different ways. Future research that correlates brain activity with various responses would be illuminating. Understanding how individuals differ in their abilities to process imagery in various senses, and how use of imagery influences the way consumers interpret their environment, can help identify more effective ways to reach the consumer.

3. Meryl P. Gardner, (1990) "Consumers' Mood States and the Decision-Making Process", Marketing Letters, Vol. 1, No. 3 (Nov., 1990), pp. 229-238 - This manuscript investigated the effects of mood states on the decision-making process by examining its effects on internally generated thoughts. Specifically, the effects of mood states on thoughts

associated with needs that are higher and lower in Maslow's hierarchy, sensory benefits, and experiential and informational processing are examined. Literature addressing these issues is reviewed, hypotheses are developed, and an empirical study is described. Findings suggest the decision-making process may be related to needs higher in Maslow's hierarchy, involve more sensory thoughts, and be more experiential when consumers are in positive mood states. Conversely, findings suggest the decision-making process may be related to needs lower in Maslow's hierarchy, involve fewer sensory thoughts, and be more informational when consumers are in negative moods.

4. Alvin C. Burns, Abhijit Biswas, Laurie A. Babin, (1993) "The Operation of Mental Imagery as a Mediator of Advertising Effects", Journal of Advertising, Vol. 22, No. 2, pp. 71-85. - The study suggests that advertising strategists should be interested in visual imagery because it may represent a useful way to shape consumers' impressions. A framework is tested which casts visual imagery as a mediating factor and individual differences, such as style of processing, as potential moderators of certain advertising strategies which elicit attitude and intentions differences in consumers. Results indicate that the vividness of visual imagery does operate as a latent cognitive construct when concrete wording is used in advertising copy. Instructions to imagine, however, are not found to induce visual imagery. It is concluded that visual imagery vividness has the potential to trace consumers' mental reactions to certain advertising strategies and to explain attitudinal and intentions consequences.

5. Charles S. Gulas and Peter H. Bloch, (1995) **"**Right under Our Noses: Ambient Scent and Consumer Responses**",** Journal of Business and Psychology, Vol. 10, No. 1, (Sep., 1995), pp. 87-98 **-** Based on research from several disciplines, a model describing the effect of ambient scent on consumers was proposed. Ambient scent was portrayed as an environmental cue that is compared with scent preferences to influence affective responses and ultimately approach-avoidance reactions. The role of ambient scent on consumer behaviour remains largely unexplored. Decision making in the area of atmospherics is still largely based on trial and error or intuition. Unlike decision areas such as pricing and promotion, there is relatively little atmospherics research to provide guidance. Research into the effects of scent may also help understand the ambient effects and situational variables in general. By detailing the effects of one situational variable,

ambient scent, one may gain insight into the overall importance of this group of variables and the amount of variance that might be explained by them.

6. Andrew Steptoe, Tessa M. Pollard and Jane Wardle, (1995) "Development of a Measure of the Motives Underlying the Selection of Food: the Food Choice Questionnaire", Appetite, Volume 25, Issue 3, December 1995, pp. 267–284, describe that a number of factors are thought to influence people's dietary choices, including health, cost, convenience and taste, but there are no measures that address health related and non-health-related factors in a systematic fashion. This study described the development of a multidimensional measure of motives related to food choice. Nine factors emerged and were labeled health, mood, convenience, sensory appeal, natural content, price, weight control, familiarity and ethical concern. Differences in motives for food choice associated with sex, age and income were found.

7. Anna S. Mattila, (1999) "Do Emotional Appeals Work for Hotels? An Exploratory Study", Emerald 10, (1999). This research investigates that despite huge expenditures spent in the advertising of hotels, the communication of service quality is a relatively unexplored research topic. The main goal of this study was to examine the relative effectiveness of emotional appeals in advertising hotels to potential new customers. Moreover, the author explores the effectiveness of the following cues in the message strategy: employees or customers portrayed in the ad, pricing information, and documentation strategy emphasizing service excellence. The results of this investigation suggest that appealing to a novice consumer's emotional responses may be highly desirable in terms of creating a favorable attitude toward a hotel brand.

8. Ann Marie Fiore, Xinlu Yah, and Eunah Yoh, (2000)"Effects of a Product Display and Environmental Fragrancing on Approach Responses and Pleasurable Experiences", Psychology & Marketing, Vol. 17(l):27-54 (January 2000)**-** The effects of atmospherics (i.e., a product display, pleasant and [in] appropriate ambient fragrances) on approach responses toward a product (global attitude, purchase intention, estimated price, and price the customer is willing to pay) and pleasurable experiences (sensory, affective, and cognitive pleasure) were investigated. In addition, the mediating effects of sensory, affective, and cognitive pleasure on approach responses toward a product were examined.

Findings suggest the importance of combining a display with environmental fragrancing as a marketing tool to enhance the sale and profit margin of certain products.

9. J. M. Murray and C. M. Delahunty (2000), "Consumer Preference for Irish Farmhouse and Factory Cheeses", Irish Journal of Agricultural and Food Research, Vol. 39, No. 3 (2000), pp. 433-449 – Conducted a study wherein descriptive, sensory and clustered consumer-preference data were related using Partial Least Squares (PLS) regression and the sensory characteristics of cheeses preferred by the consumer segments were identified. One segment preferred a "coloured" cheese with a "balanced", "sweet" and "nutty" flavor, whilst a second segment preferred cheese with "Cheddary" and more "strength" of flavor and a more "firm", "grainy" and "crumbly" texture. A third segment preferred cheese with "rancid", "mouldy", "mushroom" and "bitter" flavor and a fourth segment liked all cheeses, but preferred a factory cheese characterized by "strength" of flavor.

10. Adrian Palmer, Patrick McCole, (2000) "The Role of Electronic Commerce in Creating Virtual Tourism Destination Marketing Organizations", International Journal of Contemporary Hospitality Management, 12/3 (2000), pp. 198-204**.** This study examines the reciprocal linking of Websites to create "virtual" tourism destination organizations, whereby consumers can access information and purchase multiple components of a holiday online. A very simple starting point in the formation of a virtual destination marketing organization is the linking of individual suppliers' Websites, so that a visitor arriving at one site can click through to complementary sites which contribute to the total destination offer. This study examines the theoretical and practical benefits of virtual co-operation and reports on a survey, which examines the extent to which electronic commerce is superseding or complementing traditional hierarchical marketing organizations. Based on a sample of tourism suppliers' Websites in Northern Ireland, very little co-operation was observed. The reasons for this are discussed and recommendations made for future co-operation.

11. Claire Dormann, "Seducing Consumers, Evaluating Emotions", (2001), IHM-CHI, pp. 10–14, investigates the role and value of emotion in electronic commerce. Emotion plays a critical role in shopping, as shown by marketing studies. Although emotional research is emerging in human- computer interaction, practical measures of affective responses are few. SAM (Self-Assessment Manikin) originally developed by Lang, is proposed as a tool.

This study examines the suitability of using SAM for the emotional evaluation of web pages. The study finds a relation between emotions and design factors and finds colour and product representation influencing the user's reaction. The study helped to gain some insights in emotional design and the possible correlation between emotions and usability. The study concludes that, emotion has a strong influence on people's behaviour and if a consumer is not emotionally satisfied with a page or a site then the site might be perceived as less usable. The reverse might also be true.

12. Charles Spence and Alberto Gallace, (2001) "Multisensory Design: Reaching out to Touch the Consumer", Psychology & Marketing, 28(3), 2001, pp. 267-308. – This article states that touch plays an important, though often under acknowledged, role in the evaluation/appreciation of many different products, therefore, there has been growth of interest in "tactile branding" and tactile marketing. This article reviews the evidence from the fields of marketing, psychology, and cognitive neuroscience, demonstrating just how important the feel of a product, not to mention the feel of its packaging, can be in determining people's overall product evaluation. Problems for tactile design associated with the growth of the aging population, and the growth of Internet-based shopping, are highlighted. The research argues that tactile stimulation may influence multisensory product evaluation by means of affective ventriloquism: It suggests that the hedonic attributes of a product perceived via one modality (such as touch) can "pull" a person's estimates of the quality and pleasantness of the product derived from other sensory modalities into alignment, and by so doing, modulate a person's overall (multisensory) product experience.

13. Hairong Li, Terry Daugherty, and Frank Biocca, (2002) "Impact of 3-D Advertising on Product Knowledge, Brand Attitude, and Purchase Intention: The Mediating Role of Presence", Journal of Advertising, Vol. 31, No. 3, Advertising and the New Media (Autumn 2002), pp. 43-57 - The study is designed to explore the concepts of virtual experience and presence, with the results largely supporting the proposition that 3-D advertising is capable of enhancing presence and, to varying degrees, ultimately influencing the product knowledge, brand attitude, and purchase intention of consumers. The study interestingly finds that 3-D advertising results in better knowledge and more positive brand attitude than 2-D advertising. The conceptualization of a virtual experience has emerged because advancements in computer technology have led to a movement

toward more multisensory on-line experiences. The marketing implications are immediate because the ability to create a compelling virtual product experience is not beyond the current capability of interactive advertising. By creating compelling on-line virtual experiences, advertisers can potentially enhance the value of product information presented and engage consumers in an active user-controlled product experience.

14. Martin Lindstrom, (2005) "Broad Sensory Branding", Journal of Product & Brand Management, 14/2 (2005), pp. 84–87**.** The purpose of this research paper was to reveal data that have emerged from an extensive study into the relationship between the five senses and brands. Results revealed that 99 per cent of all brand communication currently focuses on only two of the senses – sight and sound. Emotional connections are effectively made with a synergy of all five senses, and as such those brands that are communicating from a multi-sensory brand platform have the greatest likelihood of forming emotional connections between consumers and their product.

15. Stephen Bell, (2006) "Future Sense: Defining Brands through Scent", GDR Creative Intelligence 2006, Issue 21. This study demonstrates that a brand will undoubtedly reach deeper into a consumer's psyche if it can communicate with them on many levels. The possibilities for brands to benefit from scent-sory branding are big, but it has to be relevant to the target audience and how the brand wants them to feel. For those brands considering the scent-sory approach, it really is about relevance and creating an experience. Scent-sory branding doesn't have to be just about selling; it can build a relationship too. The sensory future will be defined by those products and services that enhance the experiences and stimulate the less-exploited senses. Brands that will be most successful will be the ones that use a multi-dimensional approach that defines their identity and unexpectedly reaches out to consumers beyond the visual appeal of their environments, advertising or packaging. If executed in the right way, it should result in making relationships deeper. And that is the key. No one wants to be overpowered by a brand's smell – but they do respond well to gentle triggers or signals they can identify with. And with so far only 35% of leading companies predicted to be taking this on board in the next.

16. Alistair Williams, (2006) "Tourism and Hospitality Marketing: Fantasy, Feeling and Fun", International Journal of Contemporary Hospitality Management, Vol. 18 No. 6, 2006, pp.

482-495**.** This study seek to introduce the experiential marketing debate and demonstrate how the questions raised by the concept are critical to an understanding of marketing theory and research within the tourism and hospitality sectors. Experiential marketing is arguably marketing's most contemporary orientation, but as with many marketing innovations it has been largely overlooked by those involved in tourism and hospitality marketing and promotion. Whilst in many industries companies have moved away from traditional features and benefits approaches, to putting experiential marketing centre-stage, marketing in the tourism and hospitality sectors does not appear to have explicitly engaged the theoretical issues involved. The tourism and hospitality sectors cannot be seen to be immune to fundamental changes in the orientation of marketing. Innovative experience design will become an increasingly important component of tourism and hospitality firms core capabilities. Those who go beyond service excellence and market experientially will lead the creation of value in the sector.

17. Dr. Martin Kern, Dr. Paolo Tamagni, Sven Henneberg, (2006) "The Right Juice for Every Taste - Sensory Marketing", Fruit Processing International Journal Volume 6/2006, pp. 386-390 **–** The study considers the success of a fruit juice or a soft drink like any other product depends upon its marketing mix. Product presentation is the leading enticement for the consumer's initial purchase; the product's intrinsic, sensory properties are the key drivers for a repeat purchase. Sensory marketing allows manufacturers to customerize the marketing-mix elements to fit and ascertain the needs of various groups. Sensory marketing may turn products into sensory benchmarks. The study shows that an undifferentiated strategy loses valuable market potential because more specific consumer needs are not met. Sensory marketing approach not only reveals the importance of their interaction, uncovers market potential and identifies the direction towards successful general concepts. Sensory marketing points the way towards all product relevant criteria, i.e. sensory properties, packaging, layout, price, product claims, etc. Through sensory marketing, the marketing strategies will be more efficient and prevent consumer confusion; product development becomes a systematic and innovative approach.

18. Jurgen Bihler, (2007) "Multisensory Packaging Design Increases Brand Loyalty, Shelf Impact" Packaging Digest, May 2007**.** This research demonstrates sensuality is enticing, which is why producers of brand-name goods are increasingly banking on differentiation through point-of-sale (POS) packaging that appeals to all human senses. Multisensoric is

more than just a new buzzword in packaging design. Since the latest research findings tell that the brain ignores brands, producers of brand name goods and packaging experts are well advised to appeal to consumers at the POS in a multisensoric manner by using their products and packaging to stimulate and arouse emotions. The study proves: More than 60 per cent of consumers want multisensory packaging and are prepared to pay for it. Lindstrom forecasts that two out of every 10 of the world's leading producers of brand-name goods will soon analyze and redefine their so called brand signature. This will result, in multisensory strategies to secure sustained loyalty for their brands—and thus to secure their existence as well. This also means optimizing the design of their produce packaging as a component of branding.

19. Jeff Stephens, (2007) "Stop and Smell", ABA Bank Marketing, October 2007 - This article, elicits three ways to prove a brand story through the sense of sound: music, sound (non-music) and speech. Muzak's Bob Finigan, vice president of product and marketing is of the opinion that What the bank's brand sounds like has increasingly become important to banks, and that Banks see music as the best way to experientially connect with customers. Thus sound is one of the Multisensory Marketing tools which the banks should use to prove its story and let customers know exactly what the bank stands for. The research also suggests there are multiple ways to express bank's uniqueness; however, the key is to be consistent.

20. Neelima Ruparel, (2007) "From CRM to CEM (Customer Experience Management): The New Marketing Paradigm for Competitive Advantage", Enhancing Enterprise Competitiveness (Marketing, People, IT and Entrepreneurship), 2007, Institute of Management, Nirma University of Science and Technology, Allied Publishers. As evolution is also on the more in the present day business environment that has become highly volatile and perplexing. Not so long ago, companies were talking about how to deliver a differentiated product offering and constantly improve customer service in order to achieve customer satisfaction. However, products and services are no longer the primary differentiator since they are commoditized to a form of almost uniform blandness. Thus the only differentiator that companies can rely on to achieve a competitive advantage is the experience created with a brand that a customer carries in his head, CEM is becoming the new frontier of marketing for customer-centric organizations.

21. Massimiliano Zampini et al, (2007) "The Multisensory Perception of Flavor: Assessing the Influence of Colour Cues on Flavor Discrimination Responses", Food Quality and Preference 18 (2007), pp. 975–984**.** This research reports two experiments that were designed to investigate the influence of visual colour cues on people's flavor discrimination and flavor intensity ratings for a variety of fruit flavored solutions. In Experiment 1, the participants had to associate specific flavors with solutions of various colours simply by looking at them (i.e., without tasting them). In Experiment 2, the participants tasted the solutions and had to discriminate the flavor of solutions that had been coloured either 'appropriately' or 'inappropriately', or else presented as colourless solutions. It was also worth noting that the colours that are present in food and might affect people's flavor identification at both a perceptual and at a more semantic level. With regard to the nature of any semantic interactions between visual cues and flavor perception, the notion of redness could presumably be communicated to participants either by colouring the drink red, or else by packaging the drink in a red container perception.

22. C. Raz, D. Piper et al., (2008) "From Sensory Marketing to Sensory Design: How to Drive Formulation Using Consumers' Input?", Food Quality and Preference 19 (2008) pp. 719–726, conducted a research emphasizing companies need to continuously innovate to maintain market leadership. When the market is overloaded the challenge consists in creating innovative products able to attract and satisfy consumers. The aim of this research was to set-up an operational protocol that aids in creating innovative products using a sensory marketing approach, i.e. involving consumers at different stages of the process and demonstrates the validity of this protocol. The chosen product – a specific category of drink – has been duplicated by many competitors; therefore, it is necessary to create again differentiation by improving its sensory characteristics. The results showed that the main factors which drive consumer preference for this concept are colour intensity and flavoring. Pack size and label type are taken into account by the consumer to a lesser extent. The ideal combination of the studied factors was also determined and lead to an agreement between product developers and marketers.

23. Andrew G. Parsons, (2009), "Use of Scent in a Naturally Odorless Store", International Journal of Retail & Distribution Management, Vol. 37 No. 5, 2009, pp. 440-452 **-** The purpose of the study here was to introduce the concept of associated scents for retail

stores that are normally odorless, and provide an understanding of how associated scent can be used by these non-scented retailers to influence shopper behaviour and the appeal of the store. Previous studies have suggested that simply having a pleasant scent present can enhance liking for the store and encourage positive sales behaviour, however, this study shows that for a store that is normally odorless, the scent needs to have a perceived association with the store-type to gain positive responses. Presence of a pleasant but non-associated scent can actually lead to negative affective or behavioural responses.

24. Annica Isacsson and Leena Alakoski, (2009) “Using Multiple Senses in Tourism Marketing”, 4th International Scientific Conference “Planning for the Future – Learning from the Past: contemporary Developments in Tourism, Travel & Hospitality”, Rhodes, Greece 3-5 April 2009 - In this research the focus was on inter medial, multisensory applications applicable and beneficial within and for the tourism industry. The research strongly suggests that future development of techniques and technologies for the purpose of tourism marketing communication are strongly driven by customer needs, amusement, excitement, value-added experiences, participation and interactivity. The idea of this project was to enhance the demand and to improve the availability of tourism services through new types of marketing communication involving inter medial solutions and multiple senses. The research argued that in the future the activation of sight and hearing in tourism marketing communication is not enough.

25. Mathieu Blondeau, Amélie Tran, Umeå School of Business, (2009), in their master’s thesis on “Scent Marketing: What is the Impact on Stores in Umea?” – This research suggests that consumers have become less rational and more emotional in their way of buying. The scent marketing is then used to create an atmosphere and to involve the consumer in an emotional purchase process. The research suggests that as relatively few people are aware of this kind of marketing, using it can provide a competitive advantage compared to competitors. The scent marketing is also useful to catch people’s attention outside the shop. People will notice the shop more easily and then enter it more easily also. Manager should remember that the scent marketing should not be used alone but part of a whole sensorial marketing strategy. The more senses are involved to reach customers the more efficient will be the strategy.

26. Anna Fenko et al, (2009) **"**What Makes Products Fresh: the Smell or the Colour**?",** Food Quality and Preference 20 (2009), pp. 372–379**.** This study uses an experimental approach to investigate sensory dominance in the product experience of freshness. Freshness is important for food products, beverages personal care products and cleaning products. Olfaction was found to be more important than vision in determining the degree of freshness for those products for which freshness is relevant for the product's main function (such as a soft drink and dishwashing liquid). On the other hand, both olfaction and vision seemed to contribute equally to the experience of freshness for those products for which freshness is optional, but not a necessary characteristic (such as a scented candle). These results can help to understand the experience of freshness in different product contexts and can be used in product development.

27. Terhi Suhonen, Jenny Tengvall, Börje Boers, (2009) "Branding In The Air - A Study About The Impact Of Sensory Marketing", Bachelor Thesis within Business Administration**,** Jönköping University**,** December 2009 **-** This experiment revealed that adding of a congruent sensory stimulus, in this case scent, as a strategic marketing tool had a positive effect on the overall brand perception. It is also revealed that both product-related and non-product-related attributes were perceived more positively as a result of the adding of the sensory stimulus. Generally, quality is perceived higher and price has less importance. Involving the human senses activates unconscious reactions on an emotional level resulting in a stronger attachment towards the brand. Brand associations evoked by the sensory stimulus strengthen the value of the brand as long as the stimulus is congruent with the other brand elements and adjusted for the target. It can therefore be used as a communication tool to highlight the strategically important brand attributes in order to affect consumers on an emotional level.

28. Heather Hartwell and John Edwards, (2009) "Descriptive Menus and Branding in Hospital Foodservice: A Pilot Study", International Journal of Contemporary Hospitality Management, Vol. 21 No. 7, 2009, pp. 906-916 **-** This pilot study evaluates consumer's perceptions towards descriptive menus and branding in hospital foodservice. This research uniquely focused on dish description rather than concentrate on palatability and the variety of the menu. Menu description was welcomed with patients preferring familiar foods. The general consensus was that an unfamiliar dish would not be selected on brand name alone. Providing patients with the choice of familiar foods that they enjoy in their

home environment is selection risk free and could help counterbalance their own negative stereotypical views of institutional food. Any initiative such as improved dish description or use of familiar branded products that alleviates patient concern and concurrently leads to greater acceptance must be one that is regarded with favor.

29. The article “Dollars and Sense: The Impact of Multi-Sensory”, 4imprint, Inc, 2009 - Ssuggests that sensory marketing which is exploding. As companies diversify their product offerings, new sensory marketing tactics will better allow consumers to trial a new product before purchasing. Likewise, sensory cues such as sound and smell will help companies develop greater emotional connections to their brands. Sound is perhaps the easiest point of entry for brands looking to experiment with sensory marketing. The senses influence consumers’ emotions and decision-making. Touch, smell, taste, sound, and the look of a product all play an important role in the consumers’ perceptions, attitudes and consumption of a product. Understanding these roles provides a valuable advantage in the marketplace.

30. Annica Isacsson and Leena Alakoski, (2009) “Using Multiple Senses in Tourism Marketing - The Helsinki Expert Case”, presented at the Third International Conference on “Sustainable Tourism Development”, Södertörn University, Stockholm/Huddinge, Sweden, November 25th-27th 2009 - The idea of this study draws on the assumption that traditional tourism marketing methods are not sufficient as they tend to overemphasize the visuals. Smell, sound, touch, taste and sight must be touched, in order for communication to be perceived valuable and interesting, and suggest that the activation of multiple senses enhances the feeling of authenticity and experience. If combined with ration and need, in addition to the involvement of other users, only then can tourism marketing claim to be future-oriented and engaging. In this paper the researcher briefly present how a specific tourism company can benefit from the usage of multiple senses in a campaign/selling situation. According to the research survey sales increased by 51 % during scented weeks. The research has shown studies indicating positive correlations between the use of e.g. ambient scent and consumption, the perception of wellness, quality, service experience, and bonding. There is thus some evidence on the impact of senses in order to engage emotions, feelings, bonding, the perception of quality and success. There is, however, not enough research on inter medial multisensory

combinations, technological solutions and technical applications, at least not within the tourism industry.

31. Jing Bill Xu and Andrew Chan, (2010) “A Conceptual Framework of Hotel Experience and Customer Based Brand Equity - Some Research Questions and Implications”, International Journal of Contemporary Hospitality Management, Vol. 22 No. 2, 2010, pp. 174-193 **-** This research shows the increasing discussion of the way in which quality of experience and brand equity is developed in the hotel industry. Hotels often use advertising, referral marketing and services marketing to help guests acquire brand-related information. In the proposed framework, brand equity includes four dimensions: brand awareness, brand associations, QoE, and brand loyalty. The combination of the first three dimensions culminates in brand knowledge, which is proposed to have an influence on brand loyalty, the core of brand equity. The antecedents of brand equity are proposed to be advertising, WoM, and service performance, all of which hotel managers have utilized to build such equity. Advertising and WoM, which formulate customers’ indirect experiences, mainly shoulder the responsibility of creating brand awareness and brand associations that reflect search image attributes. The framework of hotel brand equity herein proposed in this study claims to be able to answer the questions raised by Keller and Lehmann (2006).

32. A.E. Kirby and A.M. Kent, (2010) “Architecture as Brand: Store Design and Brand Identity”, Journal of Product & Brand Management, 19/6 (2010) 432–439 - Conducted a research study with an aim to examine the relationship between the architecture of retail stores and the communication of brand identity. Buildings even in relatively mundane industrial sectors present opportunities to create a distinctive visual style for designers and architects and retail brand strategists. Meaning and the value of the brand changes over time, and through the use of distinctive buildings firms can invoke a sense of continuity and connection to the past. The sense of permanence in architecture contributes to its visual communicative power, and engages with stakeholders in the open-ended co-creation of the brand. Such buildings have an ability to inspire visitors and could be used as a part of a communications strategy by the brand owner. In this context, Jencks (2005) discusses the iconic building’s ability to liberate the imagination, and for retailers to create a more memorable and enjoyable experience through its interpretation.

33. Marija Cerjak, Damir Kovacic, Croatia and Rainer Haas, (2010) “Brand Familiarity and Tasting in Conjoint Analysis - An Experimental Study With Croatian Beer Consumers”, British Food Journal, Vol. 112 No. 6, 2010, pp. 561-579 - The aim of the study here was to determine, via an empirical study of beer consumers in Croatia, the influence of tasting on the validity of Conjoint Analysis (CA) under presence of familiar or unfamiliar brands. Beer consumers have relatively well defined preferences for brands and very often associate beer taste with its brand and image. The results of this study indicate that tasting should be used as a stimulus presentation method for CA with food and beverage products/brands, which are unfamiliar to the consumers. When testing familiar brands and brands with established perceptions, simpler and less expensive verbal stimulus presentation can be used.

34. Hannele Kauppinen and Harri T. Luomala, (2010) “Exploring Consumers’ Product-Specific Colour Meanings”, Qualitative Market Research: An International Journal, Vol. 13 No. 3, 2010, pp. 287-308 **-** The study seeks to advance the understanding of the role of package colours in consumers’ product experiences by studying the relationship between colour meanings and product. It also aims at offering insights into the meanings associated with colours in a product context. Based on the evidence, the proposed framework is further elaborated so that it could better capture the connections between colour and consumers’ product experiences. Finally, the study suggests that a very important function played by colours is that of communication. Product-specific colour meanings in marketing research have received attention mainly in food studies, where food colours have been found to communicate product taste and flavor. This study suggests that also package colours evoke expectations about the product, i.e. colours serve as cues of the product experience.

35. Elin Eriksson and Niklas Larsson, (2011) “A Multi-Sensory Brand-Experience – Sensorial Interplay and Its Impact on Consumers' Touch Behaviour”, Master thesis, Linneaus University, School of Business and Economics, Kalmar, June, 2011.– The research show how practitioners can use sensory marketing as a means to enhance customers’ emotional response and behaviour. The study’s result proves that sensory cues and styling elements have a positive impact and is an effective way to create a stimulating environment leading to acknowledgement of products. This research also indicates that

sensory cues and styling elements are inexpensive ways to create stronger brand images where B2C relationships are in focus.

36. Johan Bruwer, Bernadette Miller, and Anthony Saliba, (2011) "Consumer Behaviour and Sensory Preference Differences: Implications for Wine Product Marketing", Journal of Consumer Marketing, 28/1 (2011) Pg. 5–18, conducted a study with an overall aim to gain some insights into the product style preferences of consumers and what this means in practical terms to wine product marketing. Specific differences exist in the wine consumption behaviour and sensory preferences of males and females and between generational cohorts, specifically Millennial and older consumers. What emerged is that females bring significant sensory preference and behavioural differences, to their early encounters with wine; these differences appear to diminish with increasing experience with wine. From a sensory preference viewpoint, fruit tastes and aromas are by far the most important, especially among females, as are vegetative characters, wood/oak, and mouth-feel characters. More males, on the other hand, preferred the aged characters of wine.

37. Roland H. Bartholme´ and T.C. Melewar, (2011) "Exploring the Auditory Dimension of Corporate Identity Management", Marketing Intelligence & Planning, Vol. 29 No. 2, 2011, pp. 92-107 - This research study aimed to expand the domains of corporate identity and corporate communication by focusing on the auditory dimension as a component of company-controlled communication. The study not only illustrated the importance of the auditory dimension as part of corporate identity management, it also provided initial suggestions of antecedent factors that are expected to determine the utilization of sound on a corporate level. The conceptualization of auditory identity alongside visual identity will help to overcome the visual predominance (Balmer, 2001a).

38. Rajnish Jain, and Shilpa Bagdare, **(**2011**)** **"**Music and Consumption Experience: A Review**",** International Journal of Retail & Distribution Management, Vol. 39 No. 4, 2011, pp. 289-302, conducted a study with a purpose to examine the influence of music on consumption experience and explore the relationships between musical variables and consumer responses in the context of retailing. The studies report that music influences consumption experience at cognitive, emotional, and behavioural levels, specifically with regard to attitudes and perceptions, time and money spend, and moods and feelings, in

retail experience. The influence of music is moderated by customer and store profiles, purchase timings, and other ambience factors. The study concludes: Music of all types, as a sensory stimulus, has a significant effect on shopping experience. Musical variables both structural and affective significantly influence shopping experience and can be manipulated to produce desired responses. The effect of music on shopping experience is moderated by consumer profile, store profile, ambient factors, and time of purchase.

39. Margarita Vergara et al, (2011) "Perception of Products by Progressive Multisensory Integration - A Study on Hammers**"**, Applied Ergonomics 42 (2011) 652-664 - The aim of this work was to determine the influence of multisensory i.e. visual-haptic integration and the level of interaction on the perception of products, including perceived ergonomics. The product selected for the experiment was the hammer, as this will help to establish whether emotional design studies can also apply to 'commercial' products. Subjective opinions of users were evaluated through semantic differential tests. Results show that Lightness and Dynamic Effects are quite sensitive to the level of interaction, while Ergonomics/Appearance is partially affected. However, the perceptions of Innovation, Quality/Robustness and Efficacy were not so affected and they could be detected through a lower level of interaction (i.e. seeing photographs). This suggests that commercial products seem sensitive to emotional design studies and that multisensory integration enhances the perception of the factors that are clearly linked with physical interaction between users and tools, i.e. Ergonomics/Appearance, Lightness and Dynamic Effects.

40. Bertil Hulten, (2011) "Sensory Marketing: The Multi-Sensory Brand-Experience Concept", European Business Review, Vol. 23 No. 3, 2011, pp. 256-273 **-** The purpose of this study is to present the multi-sensory brand-experience concept in relation to the human mind and senses. It also seeks to propose a Sensory Marketing (SM) model of the multi-sensory brand-experience hypothesis. The study provides a theoretical and practical contribution on the multi-sensory brand-experience concept, and a SM model was developed through a methodology that yields new concepts and models. The main conclusion was that the SM-model highlights the significance of the multi-sensory brand-experience in differentiating, distinguishing and positioning a brand in the human mind as an image. A firm can use sensorial strategies expressed through sensors, sensations and sensory expressions in relation to the five human senses in leaving imprints of a good or service. An important theoretical implication was that the multi-sensory brand-experience

is the ultimate outcome of a value-generating process between a supplier and a customer. Another theoretical implication was that the multi-sensory brand-experience is central to branding, as a result of value creation and value-generating processes.

41. Luca Cian and Sara Cervai, (2011) “The Multi-Sensory Sort (Muses) - A New Projective Technique to Investigate and Improve The Brand Image”, Qualitative Market Research: An International Journal, Vol. 14 No. 2, 2011, pp. 138-159 – The study indicates the lack of tools able to catch the symbolic dimension of the brand image, which goes beyond rational and emotional dimensions. This study aims to find and test a new instrument, named “Multi-Sensory Sort” (MuSeS). Muses uses multi-sensory paths, providing results able to support 360 degrees of communication and marketing actions. MuSeS allows for the collection of stimuli (colours, materials, etc.), adjectives and semantic areas connected with the ideal image. MuSeS is suitable for two goals: to analyze the “symbolic links” of an existing brand image (and this happens only in the case of well-known brands) and to explore the brand future implementations and improvements. The multi-sensory marketing seems indeed very profitable also with very common products (Krishna, 2009).

42. M.S. Balaji, Srividya Raghavan and Subhash Jha, (2011) “Role of Tactile and Visual Inputs in Product Evaluation: A Multisensory Perspective”, Asia Pacific Journal of Marketing and Logistics, 2011, Vol. 23 Issue: 4, pp.513 – 530**.** The purpose of this study is to address the gaps, if any and investigate how multisensory evaluation influences overall attitude and purchase intentions. There has been an increased interest in marketing literature in understanding the role of sensory experience. The multisensory interaction of tactile and visual information was found to significantly increase the consumer attitudes for products dominant on single sensory modality of touch. Further, the multisensory evaluation led to greater purchase intentions than visual or tactile evaluation.

43. May O. Lwin and Maureen Morrin, (2012) “Scenting Movie Theatre Commercials: The Impact of Scent and Pictures on Brand Evaluations and Ad Recall”, Journal of Consumer Behaviour, Volume 11, Issue 3, pages 264–272, May/June 2012 – The research utilizes a novel advertising context commercials seen in a simulated movie theater setting while ambient scent is emitted into the atmosphere to explore the effects of multisensory cues on brand evaluation and advertising recall. Although both pictorial and olfactory cues enhance brand evaluations and ad recall overall, the research finds that olfactory (vs.

pictorial) cues generate more positive feelings toward the brand and enhance recall to a greater extent. It also finds that, after a long time delay, re-experiencing the scent activates pictures ability to facilitate recall. Theoretical and managerial implications are discussed Cinema advertising is unique because the audience tends to be attentive and engaged and is less likely to be distracted by phones or other electronic media. Where almost all cinemas rely heavily on sight and sound, theaters are now offering more opportunities for Multisensory engagement.

44. Rohit Talwar, (2012) "Hotel 2020 - Responding to Tomorrow's Customer and the Evolution of Technology", R. Conrad, & M. Buck (Eds.), Trends and Issues in Global Tourism 2012 (pp. 21-31). Springer, Berlin **-** This study sets out to explore the "future factors" and explore the implications for hotel strategy, brand portfolio, business models, customer targeting and innovation. The future of travel and tourism is being driven by a complex set of converging forces which are forcing the industry to think about how they might reshape the experience. The study paced emphasis on the impact of increasing personalization, emerging technologies and changing economic outlook. As people are increasingly traveling, they are facing increasing pressure for leisure time, which is driving the desire for unique and personalized experience.

45. Eric A. Davis, Vincent P. Magnini, Pamela A. Weaver and Nancy Gard McGehee, (2013) "The Influences of Verbal Smell References in Radio Advertisements", Journal of Hospitality & Tourism Research May 2013 vol. 37 no. 2 281-299 **-** The purpose of this study was to explore how verbal smell references in restaurants' radio advertisements affect consumers' perceived ability to "almost taste" and "almost smell" the advertised product, affective response, and purchase intentions. In an industry plagued by high failure rates and exorbitant amounts spent on marketing, restaurants must find ways to increase the effectiveness of their advertising. The smell reference also significantly affects individuals' affective responses to the ad and purchase intent for the product. Interestingly, this research also finds that the level of "brand excitement" associated with the advertised brand perfectly mediates the relationship between the verbal smell reference and affective responses. From a managerial perspective, these results seem to indicate that verbal smell descriptions in restaurant radio ads can be associated with a number of desirable outcomes.

46. Eunjoo Kang, Carl A. Boger, Ki-Joon Back and Juan Madera, (2013) "The Impact of Sensory Environments on Spagoers' Emotion and Behavioural Intention", Anti Essays. Retrieved November 19, 2013 - The research objective is to identify and verify the relationships among environmental sensory components (i.e., sight, sound, smell, and touch), consumer emotions, and consumer behavioural intentions in a spa context by applying the Mehrabian-Russell's Stimuli-Organism-Response model. This research indicates that touch components such as smoothness, softness, comfortable temperature, and humidity are the most important sensory stimulation to please customers in spas. Sight components such as a comfortable and well organized layout; cleanliness; stylish design; and warm colour were proved to be important factors to please spa goers. In addition, this result indicates that only pleasure of emotion is what spa goers seek through spa service. Therefore, spa operators and managers should consider having a balance of sensory components to take advantage of the synergic effect through the sensory combination. These sensory environments can be valued as powerful tactics to increase each customer's satisfaction and as a strategic differentiator of spas in the competitive market.

1.8 Need for the Study and Research Questions

1.8.1 Need for the Study

The review of literature has given insights into the study and has facilitated to identify the need for the study and frame research questions.

- There is sparse literature on Multisensory Marketing in India, thus creating a need to contribute to the existing body of literature.
- There is a need to encourage academic research in the area of four star and five star hotels, which are rapidly emerging in India.
- Multisensory Marketing needs to be studied as a new marketing tool for the rapidly growing hotel industry in India.
- Multisensory Marketing needs to be explored and undertaken for futuristic development and sustenance of the hotels.

- There is a need to understanding of customer's sensory brand experience in a world of complex targets groups and an increasingly fragmented media world.

Therefore, the need arises to examine and explore the marketability and study the success factors of the sensory stimulus. Thus, sensory marketing has a wide scope be studied, as services are intangible and need to be experienced in the hotel industry.

1.8.2 Research Questions

The above mentioned needs lead to the emergence of following areas of research and study. These are:

- What are the sensory stimulus mechanisms adopted by the Hotels?
- What are the influencing factors that affect the customers during the selection of the Hotels?
- What is the level/amount of importance the customers give to the senses i.e. Sight, Sound, Smell, Touch and Taste?
- What elements of the ambience are considered most important according to the customers?
- What is the impact of visual stimuli on the mood and perception of the customers?
- What is the impact of music on the customer's perception and its relation with revenue generation?
- What is the impact of smell on customer's perception and role of food aroma on the revenue generation?
- What are the sensory factors that influence the customer's sensory perceptions?

1.9 Research Methodology

The research methodology undertaken in the current study comprises designing research instrument (questionnaire) and incorporating questions corresponding to the each of the senses. Secondary data related to Multisensory Marketing in Hotels include theoretical concepts related to the subject, articles published in books, journals, newspapers, magazines and online sources, papers presented at conferences and seminars, case studies and books published on the subject. Responses from the survey population, representative of consumers from four star and five star hotels from Hyderabad and Vishakhapatnam of Andhra Pradesh comprise the Primary data collected in the study. The primary data together with secondary data from prior literature is then used to perform statistical analysis.

a) **Primary Data**: Data that is collected for the purpose of the study and that has not been existent before (Saunders, 2000). Methods of primary data collection, according to (Daymon and Holloway, 2002) are case studies, interviews, surveys, questionnaire or active participation of the researchers in observing the subjects under the study. In this research the researcher uses interviews and survey method for obtaining primary data. Survey method of data collection was used and first hand information was collected from the respondents i.e. the four star and five star hotel customers, which was not previously collected. The primary data is also collected from the General Managers and marketing department of the hotels by conducting informal interviews.

b) **Secondary Data:** The secondary data consist of readily available, collected and compiled information. The researcher collected secondary data from sources such as annual report of Hotels, publications, books, dissertations, journals, magazine, papers presented at seminars, conferences and certain online sources. Additionally, information from the websites of the Hotels under the study providing annual reports with information concerning marketing initiatives, sensory brand building practices is used. Journals, reports and publications from institutions such as RBI, IBA, WTO, WTTC, have also been used to provide up-to-date information on key areas of research. The secondary data is also referred to as frame of reference, for the literature related to sensory marketing and practices, especially in Hospitality sector.

c) **Quantitative Research:** Quantitative research, as defined in McDaniel & Gates (1998), uses mathematical analysis that can reveal statistically significant differences. A typical quantitative research methodology begins with a theory (or hypothesis) and tests for confirmation or disconfirmation of this hypothesis (Newman & Benz, 1998). Quantitative designs have dominated most of the consumer behaviour studies, and before-after designs among other designs (Campbell & Stanley, 1973), where control of variables, randomization and valid and reliable measures are required and where generalizability from the sample to the population is the primary objective (Newman & Benz, 1998). The salient feature of the quantitative research method is that measurement is valid, reliable and can be generalized with its clear anticipation of cause and effect (Cassell & Symon, 1994). Whereas being particularistic and deductive in nature, quantitative method is dependent on the formulation of a research hypothesis and confirming them empirically using a specific data set.

In the current study various quantitative analytical techniques/tools were applied with the help of SPSS (Statistical Package for the Social Sciences). Reliability, validity and internal consistency of the questionnaire were tested with the help of Cronbach's alpha; Chi-square and Factor analysis are used to test hypothesized relationships.

1.9.1 Research Design

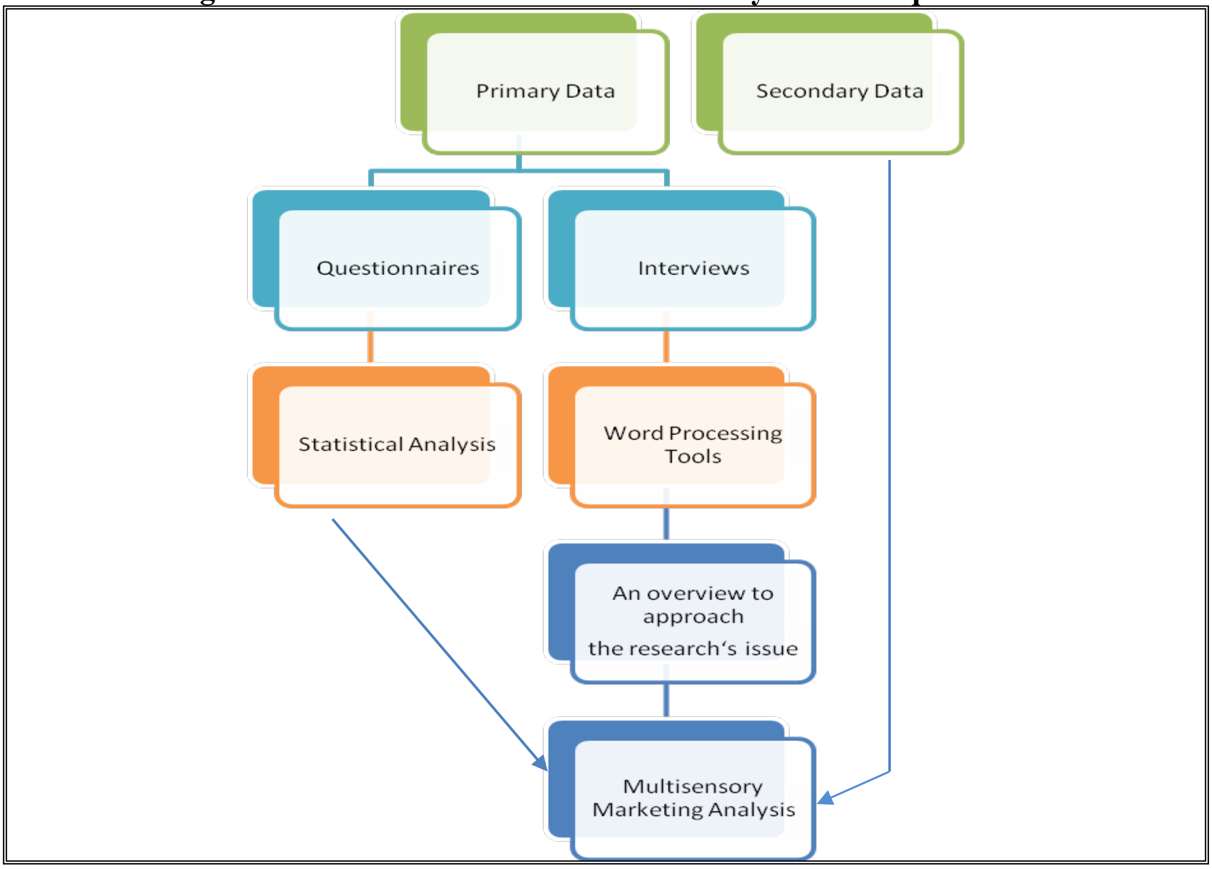
Based on the objectives of the study, an exploratory research design is adopted.

- Exploratory research is preliminary study of an unfamiliar problem. Its purpose is to generate new ideas, increase the researcher‘s familiarity with the problem, make a precise formulation of the problem and gather information for clarifying concepts.

- Exploratory research involves three steps:
  - A review of pertinent literature
  - An experience survey
  - An analysis of insight stimulating cases

- Exploratory research consists of discovery of significant variables in the situation and the discovery of relationships between variables. The findings from such an exploratory research may not be strictly conclusive, but are suggestive.

Fig 1.3 Research Method and Data Analysis Techniques Used



(Source: Compiled by researcher)

1.9.2 Single versus Multiple Case Studies

When implementing case study method, one of the first decisions to make was to decide whether to use a single case study or a multiple case study approach. According to Maylor and Blackmo (2005), the single case study focuses, on a single unit of analysis. Concerning the topic and the purpose of this thesis, this approach does not seem fully appropriate; to study one single Indian Hotel may result in an incomplete picture of the answer to the research question. According to Maylor and Blackmo (2005), the multiple case study approach is useful in order to identify which features are common across cases. This being an objective of the thesis, using this approach seems to be more practical to answer the underlying research questions. A case study of eight subjects seems to be appropriate in order to serve the requirements of a case study approach and to respect its limitations at the same time.

1.9.3 Objectives of the Study

The primary objective was to explore and examine the prospects for Multisensory Marketing in hospitality sector through a study of select hotels and to identify the key factors (sensory elements) that determine customers' selection of hotels.

Specific Objectives

1. To study and explore the mechanisms underlying the Multisensory experience in Hotel environments.

2. To analyze the customer's perception towards the sensory experiences and to study the quality of services delivered contributing to customer satisfaction in hotels.

3. To study the Multisensory Marketing of four star and five star hotels selected for the study. To suggest alternative systems if required. To recommend Key Result Areas (KRAs) where multisensory is found to be useful.

4. To analyze the impact of the stimuli, and its success in generating revenue and provide directions for sustained growth.

1.9.4 Hypotheses

The hypotheses are framed considering the objectives as set above.

Hypotheses	Statement
Hypothesis 1	Sensory experience contributes to customer satisfaction in the hotel
Hypothesis 2a	The visual appeal of food attracts customer towards food
Hypothesis 2b	The interior colour of the hotel encourages the customers to stay longer and increase consumption
Hypothesis 2c	The hotels make effective use of lights which generate sales
Hypothesis 3a	The aroma of the food makes the customer order more
Hypothesis 3b	The hotel's signature scent leads to brand recognition
Hypothesis 4	The extra duration spent in a hotel due to its music played makes the customer order more
Hypothesis 5	The hotel food's mouthfeel is satisfying to the customer
Hypothesis 6	The dish description available on the Hotel's menu does not help the customer in decision making
Hypothesis 7	Futuristic online Multisensory Marketing is an effective strategy leading to better revenue generation for the hotels

1.9.5 Scope of the Study

The study includes an examination and analysis of various Multisensory Marketing strategies adopted by Four and Five Star Hotels. The data is collected from customers of the Hotels selected from the cities of Hyderabad and Vishakhapatnam, in Andhra Pradesh. It includes a customer survey to elicit their perception and opinion on sensory marketing strategies adopted by the Hotels.

1.9.6 Data Collection Instrument

Data is collected from the customers of four and five star Hotels with the help of a questionnaire. The data collection instrument i.e. the questionnaire is a close ended questionnaire and also highlights five broad types of information being elicited. This includes:

a) Demographic profile of customers
b) Questions on factors that influence the customers during the selection of the Hotel
c) Questions on important elements of the ambience according to the customers
d) Impact of Music on the Customer's mood

e) Questions on sensory factors
   a. Visual Factors
   b. Auditory Factors
   c. Olfactory Factors
   d. Tactile Factors
   e. Gustative Factors

Information that could not be elicited through the questionnaire due to its close ended nature, is collected through the enumerator‘s schedule coupled with interviewing the GMs and Marketing Executives of the Hotels.

Table 1.3 Survey Questionnaire Structure

Division	Section	Question Number
Part - I	Demographic Details	Q1-Q9
	Factors that influence the selection of a Hotel	Q1-Q13
	Important elements of the Ambience in a Luxury Hotel	Q14-Q26
	Sense which influences the most	Q27-Q31
	Music controls and improves mood	Q32-Q38
Part - II	Existing facts	Q1-Q9
	Visual Factors	Q1-Q13
	Auditory Factors	Q14-Q22
	Olfactory Factors	Q23-Q30
	Tactile Factors	Q31-Q40
	Gustative Factors	Q41-Q48
	General/Website	Q49-Q53

(Source: Compiled by researcher)

1.9.7 Verification of Conclusions

The statistical analysis of the constructs provide confidence on reliability, internal consistency and validity of a particular construct or the tool or instrument that is used to measure the specific construct or dimension.

1.9.7.1 Reliability

Reliability is defined as the extent to which any measurement procedure produces the same results on performing repeated trials for example, questionnaire, test or observation. It is the stability or consistency of scores over time or across rating respondents. In other words of Joppe (2000), the extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable.

According to Kumar (1999), a research method/model developed is reliable not only if it is consistent and stable, but also if it is predictable and accurate. The reliability is the ―degree to which measures are error-free and therefore yield consistent result (Zikmund, 2000). According to Sekaran (2003), the reliability can be divided into two important parts:

1. **The stability of measures:** The ability of the measure to stay same over the time is indicative of its stability and low vulnerability to changes in the situation.

2. **The internal consistency of measures:** This is an indication of homogeneity of the substance. The items are capable of independently measuring the same idea so that the respondents attach the same overall sense to each of the things. In order to make sure that the interviewee understands the questions, the researcher has, if necessary, explained the meaning of the questions to the respondents. Providing stable and consistent measures ensures therefore stability and reliability of the underlying study.

1.9.7.2 Validity

The traditional criteria for validity find their roots in a positivist tradition. Within the positivist terminology validity resides amongst, and is the result and culmination of other empirical conceptions for example, universal laws, evidence, objectivity, truth, actuality, deduction, reason, fact and mathematical data to name a few (Winter, 2000). Joppe (2000) explains validity in quantitative research as determining if the research truly measures what is intended to measure or truthfulness of the research results. Researchers generally determine validity by asking a series of questions and will often look for the answers in the research of others.

According to Kumar (1999), the validity of a method is given when a logical link is established between the questions and the objectives. Kumar (1999) identifies three types of validity: 1) Face and Content Validity 2) Concurrent and Predictive Validity 3) Construct validity. To test the validity of the method of the questionnaire, the face and content validity is applied. This type of validity is achieved when an instrument is valid in the sense that it measures what it is supposed to. To reduce the subjectivity of logic in conclusions, the researcher has revised the questionnaire many times after both external and internal discussions.

Cronbach's Alpha

Gliem & Gliem (2003) describe Cronbach's alpha as the measure of internal consistency reliability i.e. how closely a set of items are related as a group (Malhotra & Dash, 2010). The final research instrument i.e. here the questionnaire circulated for the data collection is also tested by applying Cronbach's Alpha measure. The results of the same are as follows:

Reliability Statistics

Cronbach's Alpha	No. of Items
.957	93

The questionnaire is said to be reliable if the Cronbach's Alpha score is above 60 % and as the above table reveals, the Cronbach's Alpha is .957 i.e. 95.7 % which implies that the questionnaires are reliable. The reliability of the final study compared to its pilot study increased from 0.947 i.e. 94.7% to 0.957 i.e. 95.7%.

1.9.7.3 Pilot Study

Before the finalising of the questionnaire, a pilot study was undertaken with a sample of 100 four and five star hotel customers. As there were no changes suggested in the questionnaire, no modifications were made in questionnaire.

Reliability Statistics

Cronbach's Alpha	No. of Items
.947	100

Reliability tested using Cronbach's Alpha score = .947 i.e. 94.7% which indicates a high level of internal consistency and implies that the questionnaires is reliable.

1.9.8 Sample Design

Once the questionnaire was designed for the main study, it was important to decide on the final sample design i.e. selecting of the target population, extent of the survey, sampling frame and sampling procedures. Following is a brief explanation of different decisions undertaken to arrive at the sample design and sampling procedure performed for the main study:

Sample elements: A sampling element is the object about which or from which the information is desired. In a survey design, the element is usually the respondents (Malhotra & Dash, 2010).

Sample unit: The basic unit containing the elements of the population to be sampled is called a sampling unit (Malhotra & Dash, 2010). Four and Five Star Hotels of Hyderabad and Vishakhapatnam, in Andhra Pradesh comprise the sampling unit for the current study.

Sample Extent: From amongst Four and Five Star Hotel customers of Andhra Pradesh, the sample for this study is limited to the customers of the select Four and Five Star Hotels, in the cities of Hyderabad and Vishakhapatnam, Andhra Pradesh.

Sampling Method: Stratified sampling technique is adopted wherein elements would be chosen based on different stratum. The different strata chosen for this study are:

1.9.9 Sample of the Customers

Target population or frame is that part of the total population (universe) to which the study is directed. In other words it requires specification of the subjects, from whom information is desired (Lehmann & Romano, 2005). Target population in this study is "the customers of the Four and Five Star Hotels in the cities of Hyderabad and Vishakhapatnam, Andhra Pradesh".

Sampling Frame: Sampling frame is the list of the population elements from which the researcher selects the units to be sampled. In this study, there is no list that provides a complete enumeration of individuals who use the services of the Four and Five Star Hotel selected for the current study. As a result, the sample frame is reflected in some procedure that will produce a representative sample of individuals with the desired characteristics. Of all the guests in the selected hotels, those customers who have been regular 'in-house' guests of the hotels were approached to participate in the study.

The Sampling procedure used in this study was "complete enumeration of the sampling frame". The respondents for the study were fairly representative of the population as the guests at the hotels come from all over India and abroad. The customers who participated in the study represent different cultures, ethnicity, regions, educational backgrounds, languages, different domains of work experience and the length of work experience. The demographic profile of the participants is presented in the chapter 3.

A total number of eight hundred customers i.e. 100 from each select Hotel were chosen for this study based on Stratified Random sampling method. This study was restricted to only two big cities of Andhra Pradesh i.e. Hyderabad and Vishakhapatnam. Four hotels i.e. two Five Star Hotels and two Four Star Hotels, were respectively selected. The hotels from each city were also selected based on the consent given by the hotels to participate in the study; and commonality of hotel brands available in these two selected cities.

The data of customers who were surveyed for the study is as follows:

Table 1.4 Sample of Customers under the Study

S.No.	Name of the Hotel	Category	No. of customers - Proposed	No. of customers - Actual	Data Loss
Hyderabad					
1	Taj Vivanta	5 Star	100	100	Nil
2	Accor Novotel	5 Star	100	100	
3	Greenpark	4 Star	100	100	
4	Fortune Park Vallabha	4 Star	100	100	
Vishakhapatnam					
5	Taj Residency	5 Star	100	100	Nil
6	Accor Novotel	5 Star	100	100	
7	Greenpark	4 Star	100	100	
8	Fortune Inn Sree Kanya	4 Star	100	100	
Total	**Eight Hotels**		**800**	**800**	**Nil**

(Source: Compiled by researcher)

A total number of 925 questionnaires were distributed among the select eight hotels for the purpose of the study. 800 filled in questionnaires were later collected from these select eight hotels, i.e. collecting 100 questionnaires from each hotel respectively.

The sample so chosen is representative of the population as it satisfies the sample adequacy test and is chosen as per Krejicie Morgan Table (Krejicie Morgan Table of Sample Adequacy is given in Appendix). The sample is not biased because it has made considerations in terms of gender of the respondents, their age, their occupation, their education and their income levels.

1.10 Data Analysis Techniques

The data was validated, edited, codified and machine cleaned before the final analysis was performed. Statistical Package for Social Sciences (SPSS 20) developed by IBM was used for computation of results. Data has been analysed using statistical tools such as Chi-Square test and Factor Analysis. A brief note on the tools used is given below:

1.10.1 Chi-Square Tests

The chi-square (I) test is used to determine whether there is a significant difference between the expected frequencies and the observed frequencies in one or more categories. The chi-square is one of the most popular statistics because it is easy to calculate and interpret. There are two kinds of chi-square tests. The first is called a one-way analysis, and the second is called a two-way analysis. The purpose of both is to determine whether the observed frequencies (counts) markedly differ from the frequencies that would be expected by chance. A chi-square test (also chi squared test or $\chi 2$ test) is any statistical hypothesis test in which the sampling distribution of the test statistic is a chi-square distribution when the null hypothesis is true, or any in which this is asymptotically true, meaning that the sampling distribution (if the null hypothesis is true) can be made to approximate a chi-square distribution as closely as desired by making the sample size large enough. The chi-square (c2) test measures the alignment between two sets of frequency measures. These must be categorical counts and not percentages or ratios measures (for these, use another correlation test).

Goodness of fit: A common use is to assess whether a measured/observed set of measures follows an expected pattern. The expected frequency may be determined from prior knowledge (such as a previous year's exam results) or by calculation of an average from the given data. The null hypothesis, H0 is that the two sets of measures are not significantly different.

Independence: The chi-square test can be used in the reverse manner to goodness of fit. If the two sets of measures are compared, then just as one can show they align, one can also determine if they do not align. The null hypothesis here is that the two sets of measures are similar. The main difference in goodness-of-fit vs. Independence assessments is in the use of the Chi Square table. For goodness of fit, attention is on 0.05, 0.01 or 0.001 figures. For independence, it is on 0.95 or 0.99 figures (this is why the table has two ends to it).

Calculation: Chi-squared, c2 = SUM ((observed - expected) 2 / expected) c2 = SUM ((fo - fe) 2 / fe) where fo is the observed frequency and fe is the expected frequency.

For the purpose of this research, the Chi Square test is used to test the Hypothesis. It is applied in knowing the relationship between sight, sound, smell, touch and taste and sensory perception of the customers.

1.10.2 Factor Analysis

Factor analysis is a statistical method used to describe variability among observed variables in terms of a potentially lower number of unobserved variables called factors. In other words, it is possible, for example, that variations in three or four observed variables mainly reflect the variations in a single unobserved variable, or in a reduced number of unobserved variables. Factor analysis searches for such joint variations in response to unobserved latent variables. The observed variables are modelled as linear combinations of the potential factors, plus "error" terms. The information gained about the interdependencies between observed variables can be used later to reduce the set of variables in a dataset. Factor analysis in marketing involves the basic steps are:

1. Identify the salient attributes customers use to evaluate products in this category.
2. Use quantitative marketing research techniques (such as surveys) to collect data from a sample of potential customers concerning their ratings of all the product attributes.
3. Input the data into a statistical program and run the factor analysis procedure. The computer will yield a set of underlying attributes (or factors).
4. Use these factors to construct perceptual maps and other product positioning devices.

Factor analysis is applied here, to identify:

- The most influencing factors during the selection of the Hotel
- The most important elements in the ambience of the Hotel
- Identifying the Visual factors
- Identifying the Auditory factors
- Identifying the Olfactory factors

- Identifying the Tactile factors
- Identifying the Gustative factors

1.11 Limitations of the Study

The study is focused only on analyzing Multisensory Marketing in the hospitality sector. It is limited only to eight hotels and hence the findings would only be suggestive and not conclusive. Perceptions and customer's opinions are elicited from the customers from the cities of Hyderabad and Vishakhapatnam only. The inferences drawn are based on the responses elicited from the customers and the hoteliers, and hence may not be conclusive in nature. Besides, the various statistical tools applied carry their respective limitations that may render the interpretations to hold those limitations.

1.12 Thesis Outline

Thus to conclude this chapter embodies the essential aspects of this research in terms of the introductory remarks, the objectives of the study, corresponding hypothesis framed along with the methodology and sampling procedures adopted have been discussed. It is a blueprint of the thesis. Chapter 2 presents an overview of the Hospitality industry, its timeline, classification of hotels, and its present scenario in India - challenges and potentials. Chapter 3 discusses Multisensory Marketing its emergence and application. Chapter 4 presents the analysis and interpretation of the data. Chapter 5 discusses the finding and reports the conclusions. The managerial implications that emerged from the results, the limitations of the study and corresponding future work that can be built based on the finding of the study to further the Multisensory extension research are discussed at the end of this chapter. The research questionnaire used for the study is furnished in the Appendix.

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CHAPTER-II

HOSPITALITY INDUSTRY - AN OVERVIEW

2.0 Introduction

There is a plethora of research done in the area of Hospitality. This chapter discusses the historical evolution and development of the hospitality industry, its timeline, classification of hotel properties, growth of Indian hospitality, its challenges, opportunities and its sustainability strategy, thereby, giving an overview of the hospitality industry in general and that of India in particular.

Hospitality is the relationship between the guest and the host, or the act or practice of being hospitable. Specifically, this includes the reception and entertainment of guests, visitors, or strangers. The word hospitality derives from the Latin hospes, meaning 'host', 'guest', or 'stranger'.

Hospitality means providing service to others, as well as demonstrating consistent excellence and quality. It also means profitably providing value at any price level, while demonstrating one's own unique points of distinction. Most of all, hospitality should be a "place", where people can still be exceptional individuals and they can extend their own personality and style (Hogan, 2008).

The hospitality and tourism industries are the largest and fastest-growing industries in the world (Walker, 2010). According to Travel & Tourism Economic Impact World Report 2013 by World Travel & Tourism Council, the total contribution of Travel & Tourism to GDP was USD 6,630.4bn (9.3per cent of GDP) in 2012, and is forecast to rise by 3.2per cent in 2013, and to rise by 4.4per cent pa to USD 10,507.1bn in 2023. In 2012, the total contribution of Travel & Tourism to employment, including jobs indirectly supported by the industry, was 8.7per cent of total employment (261,394,000 jobs). This is expected to rise by 1.7per cent in 2013 to 265,754,000 jobs and rise by 2.4per cent pa to 337,819,000 jobs in 2023 (9.9per cent of total) . In the era of globalization, the economic contribution of the tourism, hospitality and leisure industry to the world's GDP is significant.

The hospitality industry, with its roots in the centuries old tradition of Inn-keeping (Jones, 1996), has experienced huge growth in recent years.

2.1 What is Hospitality Sector?

The hospitality sector is a broad category of fields within the service industry that includes lodging, restaurants, event planning, theme parks, transportation, cruise line, and additional fields within the tourism industry. The hospitality industry is a several billion dollar industry that mostly depends on the availability of leisure time and disposable income. A hospitality unit such as a restaurant, hotel, or even an amusement park consists of multiple groups such as facility maintenance, direct operations (servers, housekeepers, porters, kitchen workers, bartenders, etc.), management, marketing, and human resources.

The hospitality industry includes cooperative relationships with multiple organizations. For example, hotels are allied with airlines, car rental agencies, other hotels, suppliers, travel agencies, and restaurants. Thus the hospitality industry includes multiple dimensions such as the tourism industry, the restaurant industry, and sundry other industries that are related to these industries. The hospitality industry includes the following segments: lodging (hotels), commercial food service (restaurants and catering), institutional food service, casinos, cruise lines, travel agency services, event services, convention hosting, arena services, sport complex management, resorts, parks, clubs, tourism, and transportation services related to the other segments of the industry.

2.1.1 Defining Hospitality

In order to describe, discuss and analyse the hospitality industry, it is first necessary to define the industry. This is not as simple as at first might be thought. Different sources, such as government agencies, market intelligence consultants, and other experts, use different criteria for defining the industry. A good starting point is the Standard Industrial Classification, since it is the official government source of data about the industry.

The Standard Industrial Classification (SIC) (1968) defined it as 'establishments (whether or not licensed for the sale of intoxicating liquors) providing meals, light refreshments, drink or accommodation (Jones, 1996). Knowles (1996:2) further describes the hospitality industry as ‘any combination of the three core services of food, drink and accommodation - a blend of tangible and intangible elements - and the service, atmosphere and image that surrounds them.’ The term hospitality has emerged as the way hoteliers and caterers would like their industry to be perceived. It conveys an image that reflects the tradition of service that goes back over many centuries to the earliest days of inn-keeping.

2.2 Historical Evolution and Development of Hospitality Industry

In order to understand the industry and the different sectors that make it up, it is insightful to review how the industry has developed.

The history of lodging, leading to this enormous growth, is rich in variety and encompasses thousands of years. The Code of Hammurabi, dating back to about 1800 B.C., made a reference to “tavern keeping,” another term used for inn keeping in those days.

Early travelers were either warriors or traders or people in search of knowledge and there were no hotels. Warriors and conquerors pitched their tents for accommodation while traders and persons traveling for knowledge placed a high value on hospitality and sometimes traded their merchandise for lodging. Inn keeping can be said to be the first commercial enterprise and hospitality one of the first service for which money was exchanged. Inns of the Biblical times offered only a cot or a bench to the guests; the guests stayed in large communal rooms with no sanitation and privacy. The rates were reasonable; however the company there was rough. Travellers shared the same quarters with their horses and animals.

Hospitality Market - The hospitality industry has evolved, and continues to evolve through the process of market segmentation and refinement. The more the hospitality industry understands the discerning tastes and preferences of the guest population, the further the market becomes segmented. As a result, different varieties of hospitality products grow as these organizations work to gain market share. All those who have stayed in hotels or have plans to stay in hotels or any other lodging establishment can be put under hospitality market.

Hence all travelers including tourists, visitors, businessmen, leisure travelers, pilgrims and company executives can be the hospitality market. Depending upon the purpose of travel people can be classified under either commercial hospitality market or leisure hospitality market.

Hotel - Common Law states that a "Hote1 is a place where all who conduct themselves properly, and who being able to pay and ready to pay for their entertainment, are received, if there be accommodation for them, and who without any stipulated engagement as to the duration of their, stay or as to the rate of compensation, are while there, supplied at a reasonable cost with their meals, lodging and other services and attention as are necessarily incident to the use as a temporary home."

A hotel then may be called as an establishment where primary business is to provide to the general public lodging facilities and which may also furnish one or more of the various services such as food: beverage, laundry, uniformed services etc. Hence, hotel could also be called as home multiplied by commercial activities.

2.2.1 Timeline of Hospitality Industry

The hospitality phenomenon in its broadest sense has been recorded since the beginning of human history and it embraces a wide range of activities beyond the commercial provision of food, drink and accommodation.

In cotemporary hospitality literature the history and philosophy of hospitality seem to have been largely overlooked areas of investigation. In particular, the portrayal of the historical evolution of the phenomenon of hospitality has often been based on random conjecture rather than historical fact. Through exploring classical history and philosophy, and contemporary hospitality literature, it is clear that modern hospitality has its foundation in the culture of classical antiquity.

The importance of the historical perspective is supported by O'Connor (2005) who states that: 'only once an understanding of hospitality's origins and its place in human nature is achieved can one expect to discover what hospitality means today, and more importantly what it will means to those entering the industry in the future'. This recognizes hospitality as a broad concept alongside hospitality as a profession, which historical literature contributing to informing industry practices of today and tomorrow: awareness of the past can always help to guide the future.

2.2.1.1 Antiquity to Middle Ages

Going back in time to primitive and archaic societies, the hospitality in its broad sense was seen as essentially organic, as a vital and integral part of such societies revealing much about their cultural values and beliefs. Muhlmaan (1932) notes that the principles which governed the peoples' attitudes towards hospitality in these societies were: religious practices and beliefs; the advancement of trade and commerce; transactional expectations; social status and the household; a system of communication and the fear of strangers.

The following factual account of the origins of the underlying principles and practices of hospitality provides a unique insight into the evolution of hospitality and the roles of 'guest' and 'host' as recognised today. It also focuses on the social, economic and geographical influences providing an introductory foundation for Hospitality understanding.

Confederation of Tourism and Hospitality (CTH) – The Global Hospitality Industry: Study Text, BPP Learning Media (Author), July 2010, documents the history of hospitality industry right from the antiquity with the development of thermal baths in villages for rest constructed by the Greeks. In the 3rd century AD, the Roman Empire, developed an extensive network of brick paved roads throughout Europe and Asia Minor. Inns appeared in most of Europe, e.g. L'Auberge des Trois Rois in Basle. During the same time a chain of roadside lodges were constructed along the major thoroughfare from Spain to Turkey. Mansions to provide accommodation for travellers on government business were also built by the Romans then.

On the Middle Eastern routes 'caravanserais' were established as a resting place for caravans. Monasteries and abbeys offered refuge to the travellers. Religious orders built Inns (but they did not yet offer meals), hospices and hospitals for those travelling. Numerous refuges were constructed for the pilgrims and crusaders on their way to the Holy Land. Around the year 1200, staging posts for travellers and stations for couriers were set up in China and Mongolia.

2.2.1.2 'The Start of the Hotel Industry' - 16th – 17th centuries

At the beginning of the 15th century, the law in France required that hotels maintain a register. English law also introduced rules for Inns at a similar time. During the 16th century, more than 600 Inns were registered in England. At the end of the 1600s, the first stage coaches to follow a regular timetable started operating in England.

Till the Industrial Revolution of the 1700s, no significant improvement was made in the Inns and Taverns, and they were not very suitable for aristocrats. To accommodate wealthy travelers, luxurious structures were constructed with private rooms, facilitated with individual sanitation and comforts of a European castle. These elegant new establishments adopted the French word for mansion-'Hotel'. Their rates were exorbitant and were beyond the reach of an ordinary person. The first guide books for travellers were published in France. Signs boards were displayed outside the establishments renowned for their refined cuisine.

2.2.1.3 18th – 19th Centuries

The industrial revolution, (1760s), triggered the construction of hotels in mainland Europe, England and America.

Throughout the 1800s American innkeepers improved their services and continued to build larger and more amply equipped properties and most of these properties were located near seaport towns. In America early Inns were-modeled after the European Taverns with sleeping quarters shared by two or more guests. In New York and Copenhagen, hotels were established in the city centres. The Tremont House in Boston was the first deluxe hotel in the city centre with toilets inside, locks on the doors and an a la carte menu. The Holt Hotel in New York City was the first to provide its guests with a lift for their luggage. In New York, the New York Hotel was the first to be equipped with private bathrooms. The Fifth Avenue Hotel in New York City was the first in that period to provide lifts for its guests. In 1880, the Sagamore Hotel in New York was the very first to provide electricity in all its rooms. Highway Inns for stage coaches started to decline as the trains began to replace horse-drawn transport.

In the early 1800s, the Royal Hotel was built in London and holiday resorts were constructed along the French and Italian Riviera. In 1890 Le Grand Hotel, Paris was the first entire hotel to be equipped with electric light. In 1890 the first school for hoteliers was founded in Lausanne, Switzerland. In Japan, Ryokan guest houses were established and in India, government-run Dak bungalows provided accommodation for travellers.

2.2.1.4 20th Century

In 1919 the Barcelona Ritz had bathrooms equipped with hot and cold water facility. The Ritz and Savoy in London, Le Negresco in Nice the P1aza in New York, the Taj Mahal in Bombay were all constructed during this period. The 1950s the Club Méditerranée (G Trigano) developed its club village. In the 1960s new tourist resorts grew up around the Mediterranean: Spain, Greece, Yugoslavia thrived with the development of city and beach hotels. The 1970s witnessed the construction of hotels for business people. The 'Black gold' (oil), attracted business people worldwide to the Middle-East.

2.2.1.5 The Third Hotel Industry Boom (1980’s)

There was rise in the number of hotels near airports, hotels for conferences, health hotels, ski holiday hotels, holiday villages and marina hotels. The first Property Management Systems (Fidelio, Hogatex, etc) appeared in the hospitality market. The Far East began developing hotels for business people and tourists began to discover China, South Korea, Thailand and Japan; American International chains prepared expansion plans to reach into Europe and the Middle- and Far East.

2.2.1.6 The 1990s: Emergence of Technology

Environment and energy conservation become an important issue in marketing big chains. Reservation systems become more sophisticated enabling hotels to foster customer loyalty through database systems. The hotels recorded the guest's individual history and individualised marketing programmes, satisfying guests personal needs better than the competition.

The hospitality businesses make continuous efforts for maintaining a positive image along with great guest service. It appears that quality service is the basis to industry's success. Thus, those organizations that focus on quality become the leaders for on-going guest satisfaction, creating loyalty and influencing future behavioural intentions (Jonsson and Devonish, 2009). For success in service the hospitality operations, among others, should focus on the guest, emphasize on 'high-touch' instead of just 'high-tech' and encourage changes, as well as innovations (Walker, 2010).

As global competition and market consumption change the expanding service sector, quality plays an increasingly essential role in both attracting and retaining the service customers (Helms and Mayo, 2008). Service quality and the degree of satisfaction derived from service quality are becoming the most important differentiating factors in almost every hospitality environment (O'Neill and Palmer, 2004). For the hotel industry, the increasing competition and expansion of unique services and convenience has forced hoteliers to continuously search for the competitive advantage (O'Neill, 2005). Relationship quality has a remarkable positive effect on hotel guests' behaviour: it creates positive word of mouth (WOM) and increments repeated guest rates (Kim et al., 2001).

The Cornell Hospitality Industry Perspectives published a report titled "Making Customer Satisfaction Pay: Connecting Survey Data to Financial Outcomes in the Hotel Industry" by Pingitore et al, (2010). In this report it is demonstrated that customer satisfaction has clear linkages to actual financial outcomes. The study found, for instance, that guests who experienced outstanding service were likely to spend more on ancillary items (e.g., restaurant, room service, day spa, recreation facilities) in subsequent hotel stays.

Thus based on customer's satisfaction and expansion of unique services the use of technology apparently became a driving force of change that presented opportunities for greater efficiencies and integration for improved guest services. Wireless technology offers, among others, the following benefits for hotels and the quality of service they can provide to the guest:

- Increases staff productivity and reduces response time to satisfy guest requests.
- Improves overall guest satisfaction and service.
- Increases efficiency for restaurants (bars, cafeterias, etc.) and caterers by saving time, reducing human errors and by providing higher quality customer service.
- Reduces queues at the reception desk and allows guests to check-in and check-out closer to where their room is.

The industry's concern with security has increased greatly due to several terrorist attacks worldwide, as well as because of tourists' kidnappings, robberies and assaults. Security of all types of hospitality and tourism operations is critical and disaster plans should be made for each kind of threat. Personal safety of guests must be the first priority (Walker, 2010). A property's security program should include certain actions and procedures to prevent or discourage incidents (Ellis and Stipanuk, 1999).

The trends that are mostly affecting the industry are: the increased concern with guests' safety and security; the enhanced diversity in the workforce composition; the importance of outstanding services leading to additional opportunities for increased revenue; the new technologies which contribute to improved guest services and enhance competitiveness; the population ageing that impacts directly on tourist demand and the tourism labor market; and the correlation between price and value which is very important for the perceptive guests of today.

In the field of tourism lodgings' development, the trend is an increasing number of hotels worldwide applying policies friendly to the environment. The green lodgings not only do save money for the owners but they save natural resources as well, attracting more and more guests who are environmentally sensitized.

The global visitor growth forecasts for 2012 and 2013 estimate that both the inbound and outbound travels will continue to grow, with Europe having the lowest growth in relation to the other continents. Among the countries expected to grow their travel and tourism demand most rapidly up to 2017 are China, Montenegro and India, whereas the countries expected to generate the largest volume of demand in 2017 are the United States, China and Japan. NWTO's Tourism Vision forecasts that by the year 2020 the top three receiving regions will be Europe, East Asia & the Pacific and the Americas. The future trends in the hospitality industry include more green and eco-lodgings; development of mega hotels; more boutique hotels; intelligent hotels with advanced technology; and guests' virtual and physical social network will be the best distribution channels.

2.3 Classifications of Hotel Properties

Hotel properties can be categorized according to varied criteria. Classification criteria can include price, function, location, particular market segment, and distinctiveness of style or offerings. It should be emphasized that many types of hotels can fall into more than one category.

2.3.1 Hotels Classified by Price

Categorized by price, hotel properties can range from limited-service, full-service to luxury hotels.

- **Limited-Service Hotels -** These hotels typically offer guest rooms only. There is little or no public space, no meeting space, and usually no or very limited food and beverage facilities. Terms previously used for this classification of properties included "budget" or "economy" hotels and offers lodging at lowest rates.

- **Full-service hotels –** These offer a wide range of facilities and amenities. It offers more public space and meeting space with at least one food and beverage facility. Room rates tend to be equal to or slightly above market-area average.

- **Luxury Hotels -** At the top of the price category are the luxury hotels. Featuring upscale decor and furnishings that may be unique to the particular hotel, these properties offer a full array of services and amenities. The hotels typically have a concierge service and several food and beverage operations, including a gourmet or fine-dining restaurant, banquet facilities and full room service, and recreational facilities. The ratio of employees to guest rooms is high, and room rates are considerably above the market-area average.

2.3.2 Hotels Classified by Function

Hotels categorized by function include convention hotels and commercial hotels.

- **Convention Hotels –** These large properties offer extensive meeting and function space, typically including large ballrooms and even exhibition areas. Food and beverage operations tend to be extensive, with several restaurants and lounges, banquet facilities, and room service. These hotels are often in close proximity to convention centers and other hotels, providing facilities for citywide conventions and trade shows.

- **Commercial Hotels –** These hotels also referred as downtown hotels, in comparison to convention hotels, are smaller, with less public space, smaller meeting space, fewer food and beverage outlets, and limited recreational amenities.

2.3.3 Hotels Classified by Location

Location is also a criterion for categorizing hotel properties into downtown hotels, suburban hotels, highway/interstate hotels and airport hotels.

- **Suburban hotels** – These are small, low- to mid-rise structures. These hotels offer enough interior space and meeting and banquet facilities.

- **Highway/Interstate hotels –** These are small low-rise properties. They have exterior corridors leading to guest rooms, minimal banquet and meeting space, and some food and beverage facilities.

- **Airport hotels** vary depending on location and size of the airport, and offer a mix of facilities and amenities. An important extra service provided by almost all airport hotels is the courtesy van, which offers guests transportation to and from the airport.

2.3.4 Hotels Classified by Market Segment

Particular markets served include executive conference centers, resorts, and health spas.

- **Executive Conference Centers -** These are often in secluded or suburban settings. These facilities offer well-designed learning environments, provide a variety of small meeting rooms and classrooms featuring full audiovisual, technological support and recreational facilities.

- **Resorts -** Resorts are typically located in picturesque settings and provide a comprehensive array of recreational amenities, depending on the geographic location. These typically remote lodging establishments are usually located in areas of significant natural beauty and the design elements of the property blend with the surroundings and protect the ecosystem. A variety of food and beverage outlets are available, ranging from informal to fine-dining restaurants.

Resorts can be further characterized and defined in more explicit terms.

- **Destination resorts -** These tend to be in dramatic. The destination resorts tend to be less frequented.
- **Non-destination resorts** – Also referred as regional resorts.
- **Seasonal Resorts** - Indicating the time of year when the resort is at a peak demand, such as, summer, cold winter (i.e., ski resorts), warm winter and year-round.
- **Casino Hotels –** They differ significantly in their operation compared to most hotels, as gaming operations are their major revenue centers.
- **Health Spas -** Often located in resort-type settings or as a part of a larger resort, provide additional amenities focusing on needs ranging from losing weight to reducing stress to pampering oneself. Spas have professional staffs that often include dieticians, therapists, masseurs, exercise physiologists, and in some cases, physicians. There are a number of categories of spas, including spas with natural mineral hot springs, beauty spas, fitness

spas, international- style spas that emphasize health therapies, behaviour modification spas, holistic spas, resort spas, and spa facilities within hotels. Hotels providing spa and fitness facilities are now dedicating more space to comprehensive health facilities in order to remain competitive.

- **Vacation Ownership -** It is also referred to as timeshares and vacation intervals, involves a type of shared ownership in which the buyer purchases the right to use a residential dwelling unit for a portion of the year. Purchasers of vacation ownership properties can travel to other destinations through vacation exchange programs provided through the timeshare resort developers.

2.3.5 Other Hotel Classifications

Types of hotels classified by distinctiveness of style or offerings include all-suite properties, extended-stay properties, historic conversions, bed-and-breakfast Inns and boutique hotels.

- **All-Suite Hotels -** It became known as a separate category in the 1970s. Guest rooms are larger than the normal hotel room, usually containing a living area separate from the bedroom, with some properties offering kitchen areas. All-suite hotels can be found in urban, suburban, and even residential locations.

- **Extended-Stay Hotels -** These provide many of the same features and amenities as the all-suite properties. As compared to all-suite hotels, the extended-stay room rates are often significantly less, with daily, weekly, and monthly rates quoted. There are no on-site food and beverage outlets in extended-stay hotels.

- **Historic Conversions -** Some hotel properties have historic significance and have been renovated to their original splendour, offering to experience some of the grandeur and elegance of earlier days with the comforts of modern-day features.

- **Bed-and-Breakfast Inns** - A typically small establishment where breakfast is served and included in the room rate.

- **Boutique Hotels** – It spans all price segments and is noticeably different in look and feel from traditional lodging properties as the interior-design styles in boutique hotels range from postmodern to homey. Soft attributes, such as image and atmosphere, typically distinguish these properties.

2.4 Hotel Star Categorization

Hotel ratings are often used to classify hotels according to their quality. The development of the concept of hotel rating and its associated definitions display strong parallels. From the initial purpose of informing travellers on basic facilities that can be expected, the objectives of hotel rating has expanded into a focus on the hotel experience as a whole. Today the terms 'grading', 'rating', and 'classification' are used to generally refer to the same concept that is to categorize hotels, mostly using stars as a symbol. The following table displays the hotel star categorization as followed and stated by the Government of India, Ministry of Tourism (HRACC Division).

Table 2.0 Hotel Star Categorization

Star Category	Description
5 Star	A spacious and luxurious accommodation throughout the hotel, matching the best international standards. Interior design should impress with its quality and attention to detail, comfort and elegance. Furnishings should be immaculate. Services should be formal, well supervised and flawless in attention to guests' needs, without being intrusive. The restaurant will demonstrate a high level of technical skill, producing dishes to the highest international standards. Staff will be knowledgeable, helpful, well versed in all aspects of customer care, combining efficiency with courtesy.
4 Star	Expectations at this level include a degree of luxury as well as quality in the furnishings, decor and equipment, in every area of the hotel. Bedrooms will also usually offer more space than at the lower star levels, and well designed, coordinated furnishings and decor. The en-suite bathrooms will have both bath and fixed shower. There will be a high enough ratio of staff to guests to provide services like porterage, 24-hour room service, laundry and dry-cleaning. The restaurant will demonstrate a serious approach to its cuisine.
3 Star	At this level, hotels are usually of a size to support higher staffing levels, and a significantly greater quality and range of facilities than at the lower star classifications. Reception and the other public rooms will be more spacious and the restaurant will normally also cater for non-residents. All bedrooms will have fully en suite bath and shower rooms and offer a good standard of comfort and equipment, such as a hair dryer, direct dial telephone, toiletries in the bathroom. Some room service can be expected, and some provision for business travellers.
2 Star	In this classification hotels will typically be small to medium sized and offer more extensive facilities than at the one star level. Some business hotels come into the two star classification and guests can expect comfortable, well equipped, overnight accommodation, usually with an en-suite bath/shower room. Reception and other staff will aim for a more professional presentation than at the one star level, and offer a wider range of straightforward services, including food and drink.

1 Star	Hotels in this classification are likely to be small and independently owned, with a family atmosphere. Services may be provided on an informal basis. There may be a limited range of facilities and meals may be fairly simple. Some bedrooms may not have en suite bath/shower rooms. Maintenance, cleanliness and comfort should, however, always be of an acceptable standard.
Budget Hotels	A home away from home, the budget hotels accommodate customers from upper middle and middle class. Also referred to as Economy Class Hotel, Business Hotels and Discount Hotels, the Budget Hotels support all the modern infrastructural facilities for a comfortable and pleasant stay.

2.5 Growth of Indian Hospitality

Before World War 11, most hotels in India were developed in locations that were frequented by the British and Indian aristocracy. This period saw the development of hotels being undertaken by individual British and Indian entrepreneurs, with only a few companies owning hotels in India, such as The Taj Group- Indian Hotel Company (owned by J. R. D. Tata) and Faletti's Hotel, East India Hotel - Oberoi Group.

India gained independence in 1947, and the hotel industry had a period in which no hotel development took place. Upon his return from the Non-Aligned Movement Conference in 1956, Late Pundit Jawaharlal Nehru, then Prime Minister of India, recognized that tourism could be an engine for the country's economic growth and was inspired to build quality hotels in India for visiting foreign dignitaries. This led to the first-ever government investment in the hotel industry with the building of the Ashoka Hotel in New Delhi.

Motivated by the success stories of the hotels in the metro cities, individual entrepreneurs began constructing hotels in secondary cities/resorts during the late 1970s.

When India agreed to host the 1982 Asian Games, a boost was given to the country's hotel industry. The government announced a national policy on tourism and outlined the country's tourism development objectives. This policy was timed to help the country meet the huge need for hotel rooms in New Delhi, the venue of the Asian Games. The government granted licenses for building hotels to Taj Palace, Asian Hotels Hyatt Regency, India Tourism Development Corporation-Lodhi Hotel, Samrat Hotel, Kanishka, Le Meridien, and Surya Sofitel, with the stipulation that their new hotels had to be completed in time for the games.

With the opening of these hotels, hotel franchising in the first-class 5-star hotel segment within the metro cities got further strengthened.

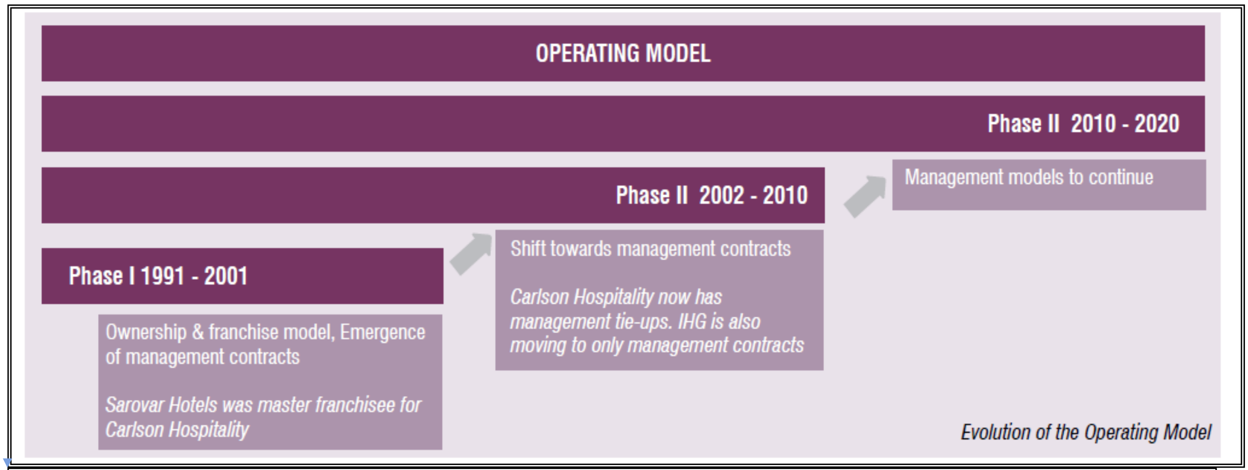
It was only in 1987 that the government, after a critical evaluation, permitted an Indian firm to franchise 3 and 4 star hotels in India this was intended to help that emerging group of individual entrepreneurs whose means were just sufficient to build and run small and medium size 3 and 4 star hotels. The goal was to extend to these hotels the benefits of proper technical planning, international standards of comfort, assured hygienic services and a focus on customer satisfaction.

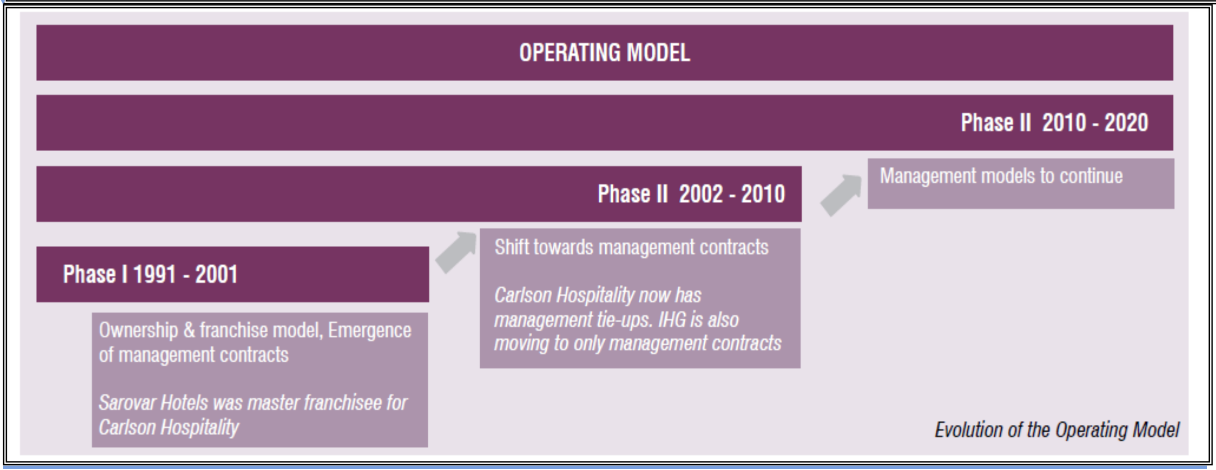
It was also recognized that, by franchising a number of hotels in the second-tier cities and resorts, the availability in these areas of hotel facilities that met international standards would be made known to travel agents and tourists to new areas within India, benefiting the economies of these areas by generating more employment and more support for arts and crafts.

Tourism was made a priority sector for Foreign Direct Investment in 1991, making the industry eligible for automatic approvals of hotels in which up to 51 per cent of the equity was provided by a foreign partner. Tourism was granted "Export House" status in 1998, making hotel owners, travel agents, tour operators, and tourist transport operators eligible for various government incentives. This encouraged the entry of several major international hotel chains into India.

The hotel sector in the past used to be polarized into two extremes – luxury hotels on one end and unclassified hotels on the other. However, lately there has been an emergence of mid-segment chains of hotels. Geographically, while initially the focus was on the major metros, the shift is now towards tier-II and tier-III towns and cities. In the future, there will be more multi-tourism in the offing, spanning different geographies. In terms of operational aspects, there has been a shift from ownership and franchise model to the management model. The evolution of the hotel industry over the years has been illustrated below under the various heads of operations, location and proposition.

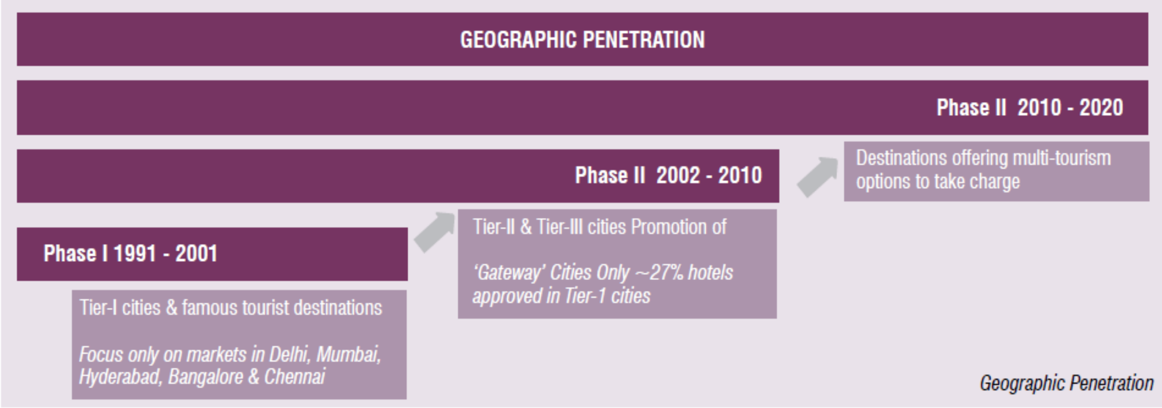
Figure 2.0 Operating Model

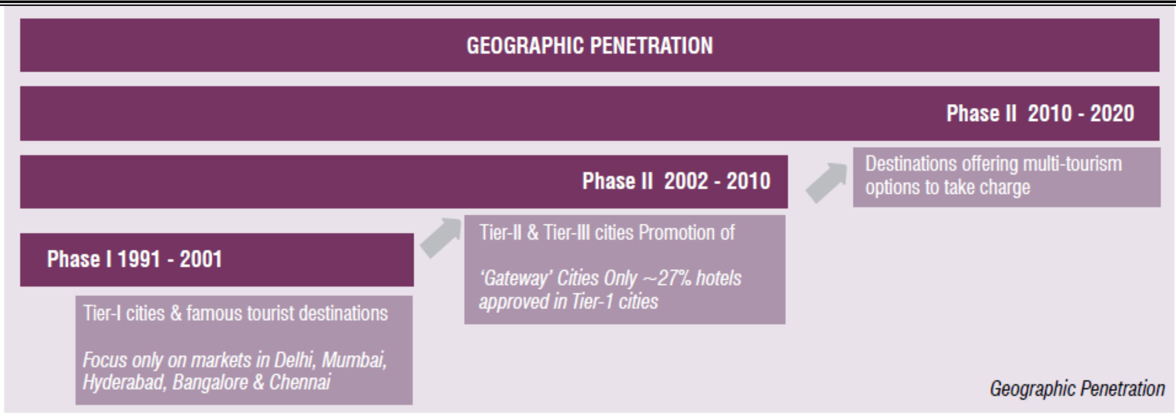




(Source: Technopak)

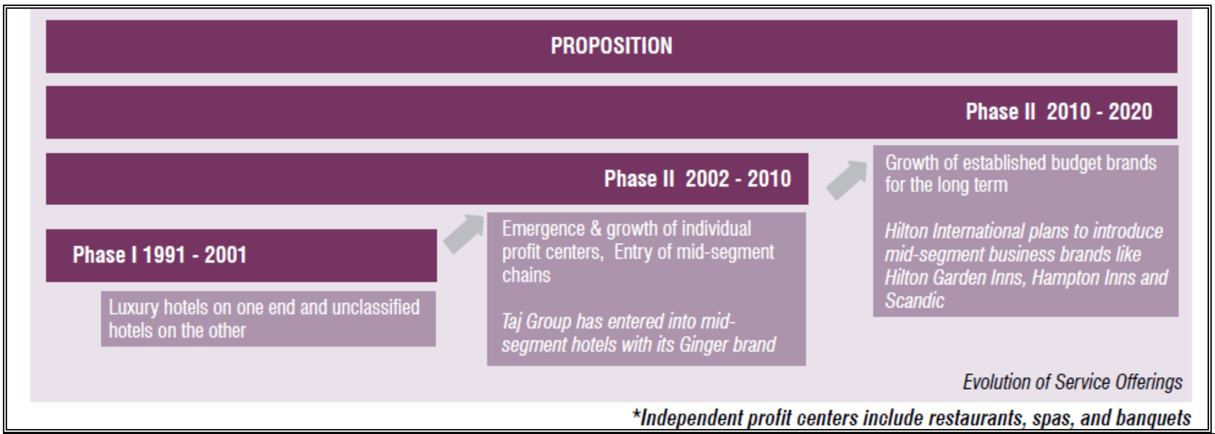
Figure 2.1 Geographic Penetration

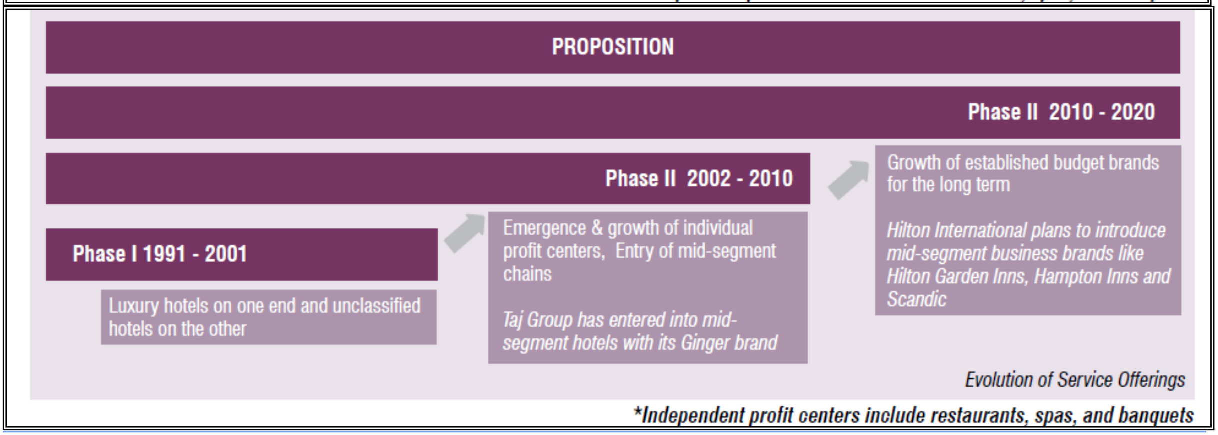




(Source: Technopak)

Figure 2.2 Proposition

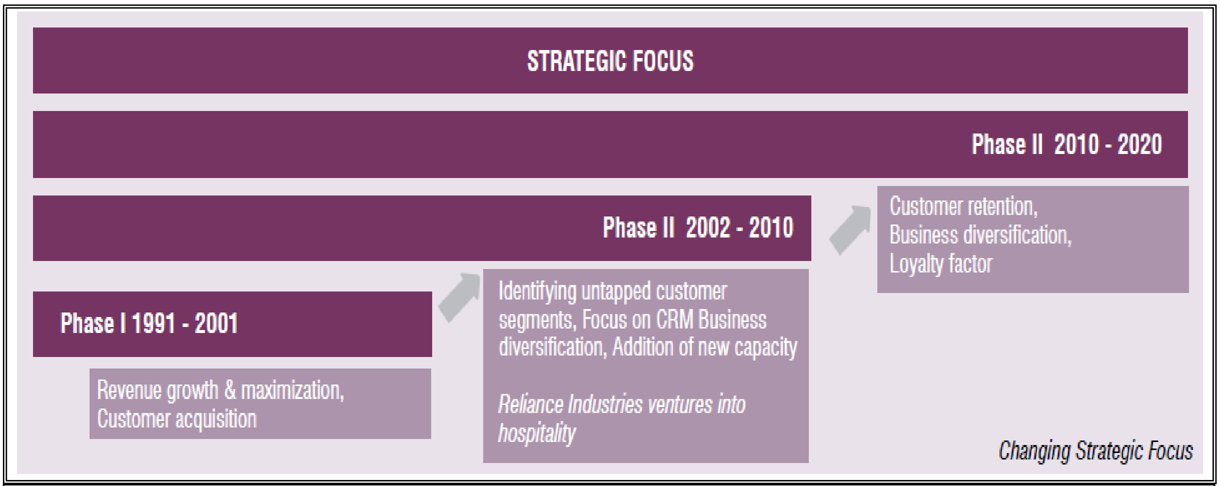




(Source: Technopak)

There have also been changes in the strategic focus as well as investment requirements of the hotel industry.

Figure 2.3 Strategic Focus



(Source: Technopak)

Figure 2.4 Investment Needs

(Source: Technopak)

Phase I

While the first phase of business in the 1990s saw aggressive expansion in the 5 star hotel segment, it also saw the entry of several franchise and Hotel Management Companies (HMC). This created a big gap in the mid-market segment as the organized sector had nothing to offer to this segment. The value of land of a hotel project stood at 5per cent to 10per cent of the overall project cost in metros during this period and debt was primarily raised through conventional methods of approaching banks or Tourism Finance Corporation of India Ltd (TFCI).

Phase II

The next decade saw a shift of ownership model towards HMC, considering that the new brands entering into the business had by then made inroads and were on an expansion spree. These new entrants focused on the mid-segment – largely neglected in the first half of the cycle. While the aggressive and rapid expansion pushed the real estate costs up, it affected infrastructure development, new businesses and at the same time new hotel projects. The growing economy did bring into limelight the advantages that a tier-II or tier-III city had to offer in terms of lower land and other costs, and the more friendly nature the State Boards acquired in order to boost this much wanted development. This led to the entry of existing brands into this budget segment/mid-market hotel segment and also the entry of several new players. The investment needs for this cycle were achieved by both conventional means and through joint ventures and private equity investments. Existing corporations in diverse fields of business ventured into hospitality to take advantage of their brand equity.

Phase III

The coming years, post 2010, however, is to see a rebound of the first phase. The growth of the budget hotel brands continues as it has been regarded as the long term area of growth, the industry will see a lot of consolidation. Over 65per cent unorganized sector is bound to go through a phase of identification – evaluation – selection, wherein the franchisee partner is bound to have its flag hoisted once the evaluation criteria are passed.

2.5.1 The Indian Economic Scenario –A Tourism and Hospitality Perspective

The Indian hospitality industry has emerged as one of the key industries driving growth of the services sector in India. It has evolved into an industry that is sensitive to the needs and desires of people. The fortunes of the hospitality industry have always been linked to the prospects of the tourism industry and tourism is the foremost demand driver of the industry. The Indian hospitality industry has recorded healthy growth fuelled by robust inflow of foreign tourists as well as increased tourist movement within the country and it has become one of the leading players in the global industry.

The Indian rupee contributed 82.2per cent of the 'direct' Travel and Tourism GDP in 2011 as compared to 17.8per cent generated by foreign visitor spending, highlighting the dominance of domestic visitation in Indian tourism. The former was estimated to grow by 8.3per cent in 2012, while foreign visitor spending was anticipated to increase by 3.5per cent in 2012.

Overall, the total contribution of Travel and Tourism to India's GDP was 5,651 billion (6.4per cent of GDP) in 2011, was forecast to rise to 7.3per cent in 2012 and by 7.8per cent annually by 2022. As per the Economic Survey 2011-12, the hotel industry reported a growth of 14.3per cent in 2010/11 and maintained the same pace of growth in 2011/12. In 2012/13, growth is anticipated mainly from regions in Southeast Asia. Foreign Exchange Earnings (FEE) too witnessed a rise by 16.7per cent in 2011 over the previous year. Although the country witnessed a growth of 60per cent in FTAs from 2005 to 2011, it moved only five places in its world ranking from 43rd to 38th, during this period. Also, its percentage share of international tourist arrivals in the world continued to remain below 1per cent (0.64per cent) in 2011. Growth in FTAs has continued in 2012, albeit at a slower pace. From January-August 2012, FTAs registered an increase of 6.2per cent over the previous year, as compared to the 10per cent growth recorded during the same period in 2011 over that of 2010. FEE from tourism, on the other hand, rose by 23.7per cent in January-August 2012, as compared to a growth of 15.9per cent during January-August 2011, over the corresponding period of 2010. On the domestic visitation front, the country registered a growth of 13.8per cent in 2011 over the previous year crossing the 850 million mark. According to World Travel & Tourism Council's (WTTC) Economic Impact 2012 – India report, domestic travel spending.

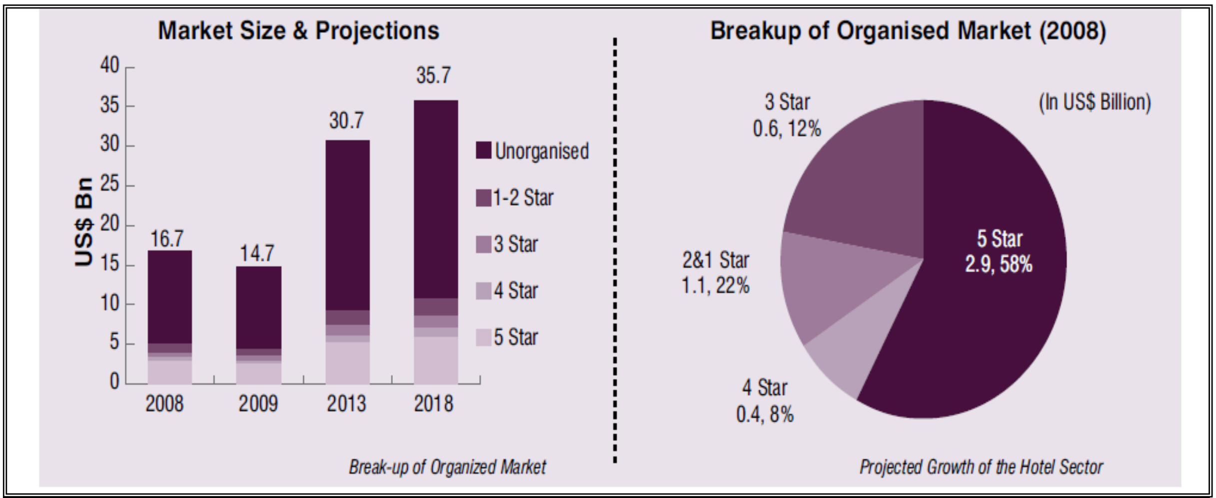
2.5.2 Hospitality Sector in India

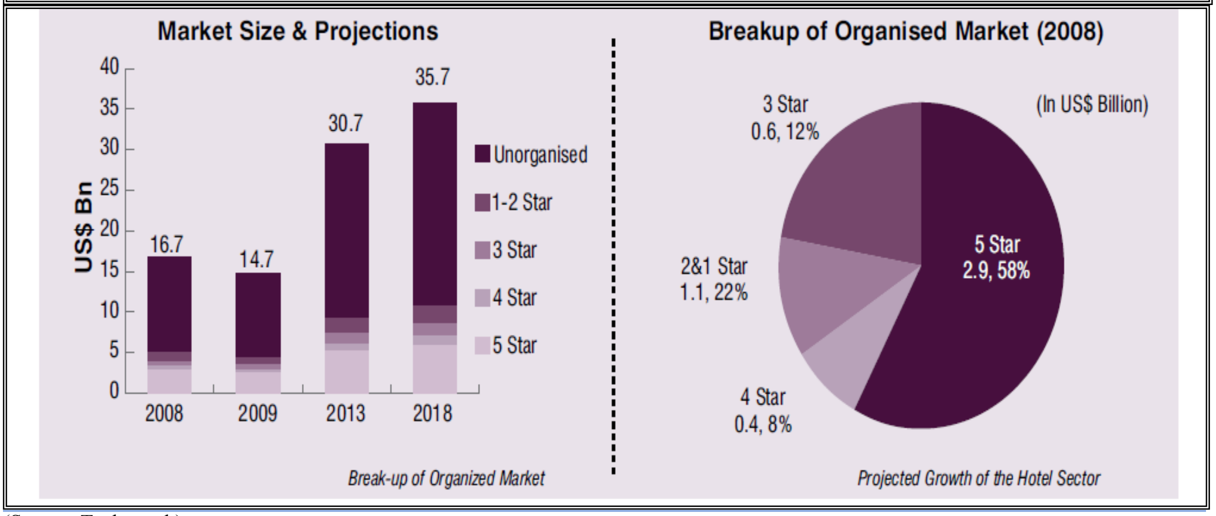
The Indian Hospitality Industry is one of the fastest growing sectors of the Indian economy. Riding on the economic growth and rising income levels that India has witnessed in recent years, the sector has emerged as one of the key sectors driving the country's economy.

The current market size is US$ 23 billion, accounting for 2.2per cent of India's GDP. The size of the Indian hospitality industry is estimated as a sum of revenues of two segments; revenues generated from travel for purposes such as business, leisure, visiting friends and relatives, religious, meetings and conferences, and revenue generated by customers eating out at any form of outlet – restaurants, fine dining, Quick Service Restaurants (QSRs), takeaways, dhabas or any other form of unorganized eateries. India is one of the world‘s most dynamic economies today. The boom in tourism in the domestic sector in India & a growth of 10per cent to 15per cent over the next few years will certainly mean a boom in hotel & restaurants, which would consequently turn focus on service sector.

The foremost contribution of the organized hotel industry comes from 5-star hotels as shown in Figure 2.5. Despite a dip in the year 2009, an upward trend in growth of the overall hotel sector is expected, whereby the industry is expected to grow to US$ 36 billion by 2018 as shown in Figure 2.6.

Figure 2.5 Market Size & Projections **Figure 2.6 Breakup of Organized Market**





(Source: Technopak)

There has been a consistent increase in the number of hotel rooms in recent years; growth of 5per cent in the last 3 to 4 years. However, this rate of increase is still not enough to meet the rising demand; further investment is required in this sector to meet this demand.

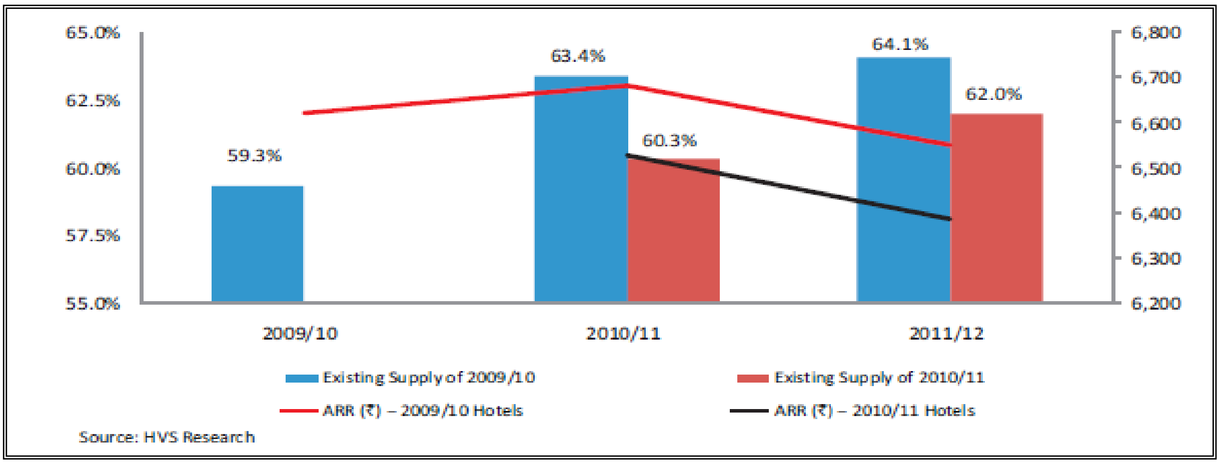
2.5.3 Hotel Industry

"2012 Hotels In India Trends & Opportunities", published by Hotel Valuation Service (HVS) Research, by Kaushik Vardharajan Managing Director - HVS Hospitality Services and Yashaas Rajan Consulting & Valuation Analyst, it was observed that over the past decade, the branded supply of room nights in India has risen by 142per cent, while room night demand has increased by 150per cent. During this period a 10per cent compounded annual growth rate in the supply of branded room nights was witnessed, accompanied by an 11per cent compounded annual growth rate in demand. The strong positive correlation between the growths in supply and demand is indicative of the presence of a significant amount of unaccommodated demand that was absorbed as new lodging options became available, and highlights the strength of the hospitality industry in India.

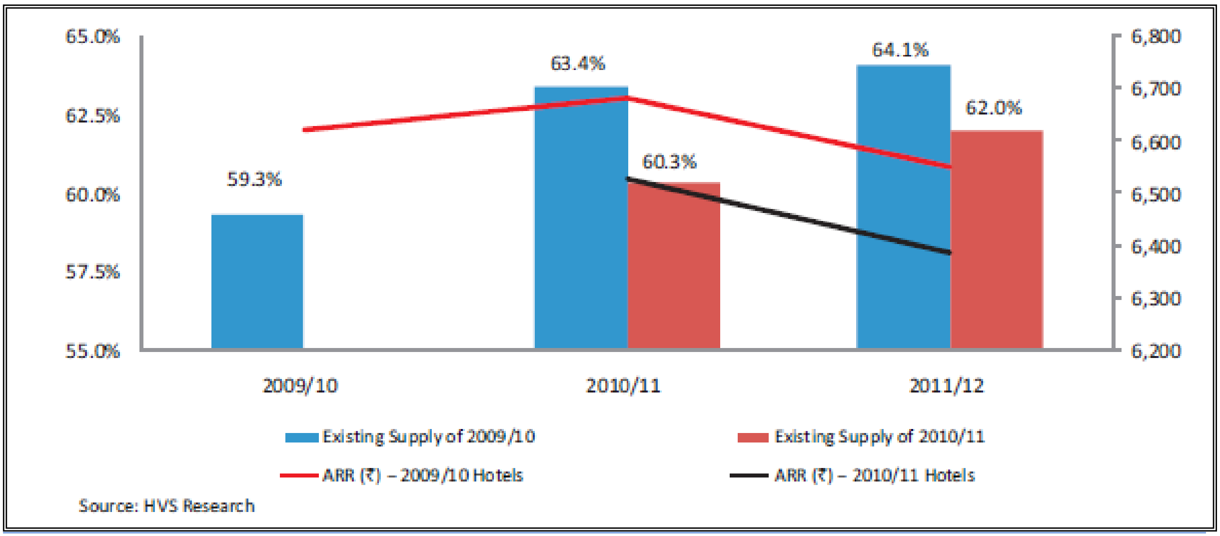
While the major cities of the country witnessed a 15per cent increase in supply in 2011/12, demand exhibited a strong increase of 12per cent during the same period, one of the strongest demand increases across any market in the world. Thus, while nationwide occupancy declined in 2011/12, it is important to note that it was purely due to supply increasing faster than demand, and not due to an absolute decline in demand.

Moreover, the confidence in the market's resilience and potential is supported by the analysis of the 2010/11 and 2011/12 performance of hotels in major cities where new supply has been added in the past two years. The analysis included hotels that were operational as of 2009/10 across the major cities and tracked their occupancy and average rate levels in 2010/11 and 2011/12 to measure the impact, if any, of the new supply that opened during these two years. Similarly all the hotels open in 2010/11 were also included and their performances tracked in 2011/12. The results are presented in Figure 2.7.

Figure 2.7 Performance of Existing Hotels across Major Cities (2009/10 – 2011/12)



Source: HVS Research


Source: HVS Research

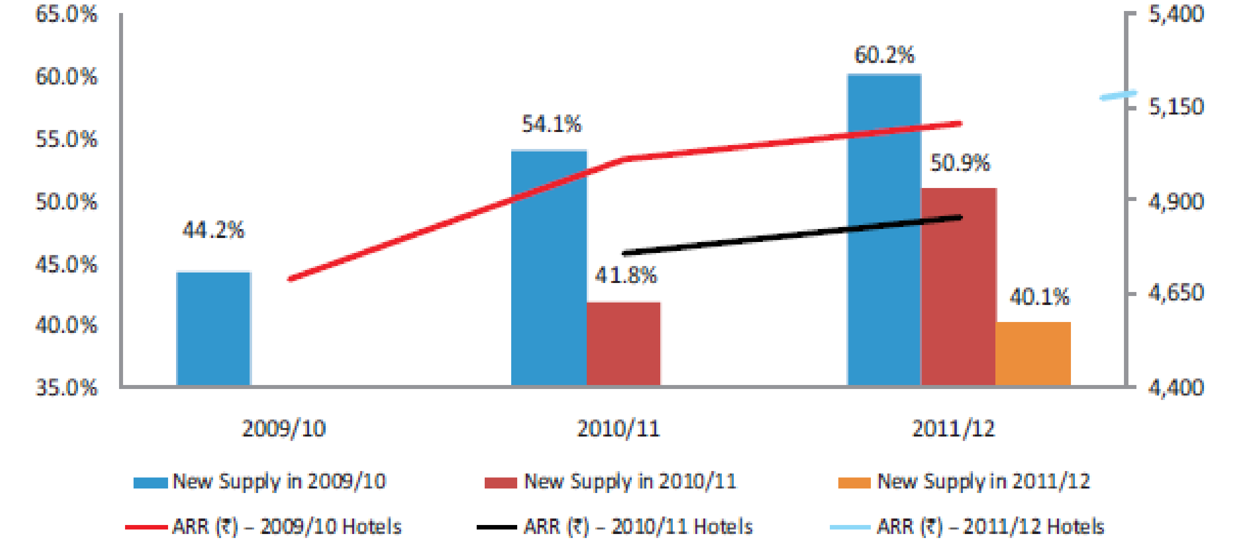
Notably, the average occupancy of hotels open in 2009/10 actually increased in both 2010/11 and 2011/12, despite new supply increasing by about 15per cent annually during these two years. The hotels that were operational in 2010/11 also exhibited an occupancy increase in 2011/12 despite aggressive increases in supply. Additionally, the fact that these occupancy increases were attained with only marginal declines in average rate clearly proves that the Indian hospitality industry has remained resistant to increases in supply in the past.

In addition to the analysis presented in Figure 2.7, the analysis was taken a step further and also examined the performance of new hotels that opened from 2009/10 through 2011/12 in the major cities to understand how they performed in terms of occupancy and average rate in their initial years of operation and if their performance was impacted by the turbulent economic environment they opened in.

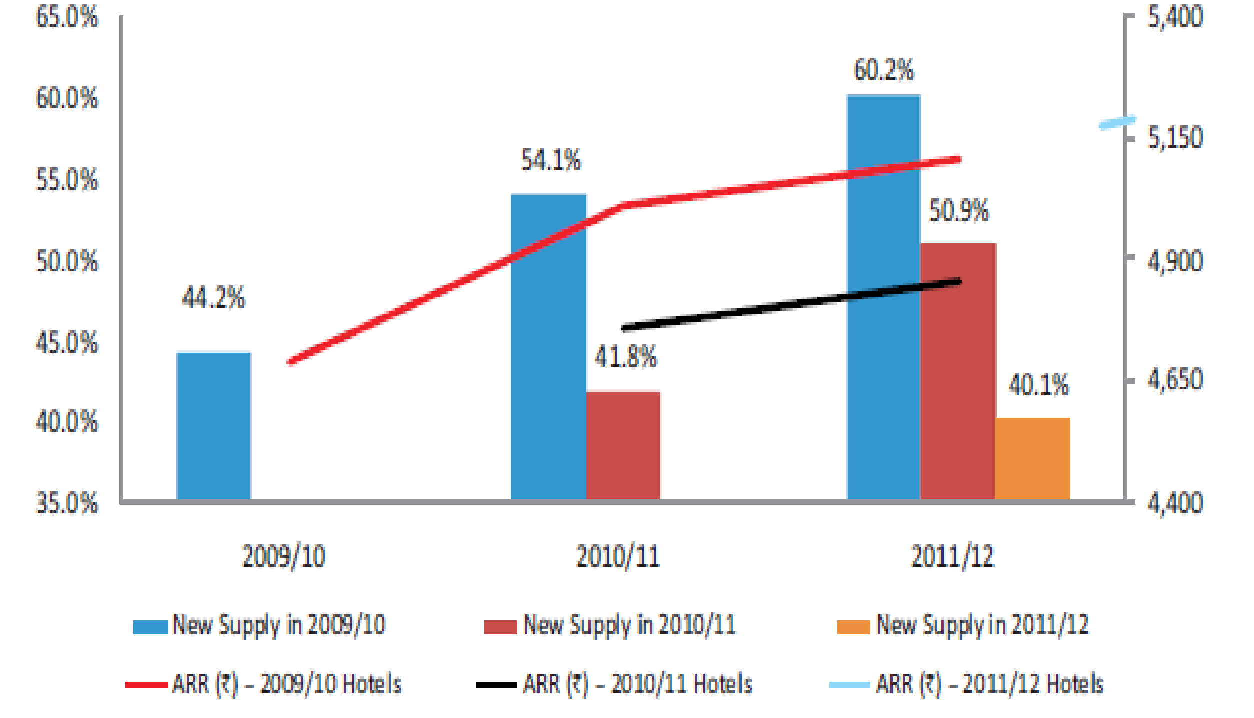
As presented in Figure 2.8, hotels that opened in 2009/10 consistently increased their occupancy and average rates over the next two years. The same trend was observed in the case of hotels that opened in 2010/11. However, it was noticed that new hotels were taking longer to improve their occupancy levels as a result of the economic downturn and increased supply in the market. Thus, while hotels that opened in 2009/10 attained occupancy of 44per cent in their first year and 54per cent in the second year, the hotels that opened in 2010/11 only managed occupancy levels of 42per cent and 51per cent in their first and second years, respectively. Hotels that opened in 2011/12 attained occupancy of 40per cent, showing a continuation of this trend. Thus, while hotels are taking more time to stabilise, what is obvious is that they are enjoying consistent increase in both occupancy levels and average rates after opening.

These analyses clearly show that the Indian hospitality industry has thrived in the past despite significant increase in supply, with such supply increase actually resulting in strong growth in demand. Except for 2008/09, the nationwide hotel market has never seen a decline in demand and this trend is expected to continue into the future. It is clear that the entry of new hotels across the country has not had a significant impact on the overall performance of existing hotels in these markets and that any occupancy or average rate declines for the markets are mainly a result of the new hotels impacting the weighted average of the market.

Figure 2.8 Performance of New Hotels across Major Cities (2009/10 – 2011/12)



Source: HVS Research



Source: HVS Research

2.5.4 Existing Supply

According to the study "2012 Hotels ~~In~~in India Trends & Opportunities", conducted and published by Hotel Valuation Service (HVS) Research, by Kaushik Vardharajan Managing Director - HVS Hospitality Services and Yashaas Rajan Consulting & Valuation Analyst, 2011/12 witnessed an addition of 12,782 branded rooms in the country, which led to an existing supply of 84,313, an 18per cent increase over the previous year. The new supply of 12,782 branded rooms in 2011/12 was 31per cent higher than the new supply in 2010/11 and second only to the new supply in 2009/10. Mumbai (including Navi Mumbai) has the highest existing supply of branded rooms in the country, followed by Delhi (excluding Gurgaon, NOIDA and Greater NOIDA) and Bengaluru, while NOIDA had the lowest supply of branded rooms (527 rooms) across the major markets. Bengaluru witnessed the largest increase in supply of branded rooms in 2011/12, closely followed by Delhi. NOIDA on the other hand witnessed the least amount of new supply in 2011/12 with only 176 rooms entering the market. Table 2 shows the existing supply for the 13 major cities from 2006/07 to 2011/12. The table below illustrates hotel occupancy across the star categories in India between 1995/96 and 2011/12.

Table 2.1 Existing Supply across Major Cities (2006/07 – 2011/12)

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	12-Month* Change	Compounded Growth
Agra	1,336	1,336	1,419	1,439	1,439	1,739	21%	5%
Ahmedabad	519	675	800	1,521	1,785	1,975	11%	31%
Bengaluru	2,414	3,456	3,889	5,597	5,947	7,713	30%	26%
Chennai[a]	2,442	2,826	3,307	3,806	4,066	4,904	21%	15%
Delhi[b]	7,990	9,019	8,625	8,129	9,111	10,697	17%	15%
Gurgaon[c]				1,980	3,246	3,782	17%	38%
NOIDA[d]				300	351	527	50%	33%
Goa	2,450	2,768	2,795	3,288	3,375	3,885	15%	10%
Hyderabad	1,868	2,554	2,761	3,782	4,036	4,797	19%	21%
Jaipur	1,388	1,556	1,683	2,472	2,554	3,054	20%	17%
Kolkata	1,354	1,396	1,373	1,520	1,588	1,787	13%	6%
Mumbai[e]	7,402	8,454	7,948	9,877	11,303	12,052	7%	10%
Pune	777	1,346	1,518	2,672	4,691	5,672	21%	49%
Other Cities[f]	9,345	11,596	12,357	15,412	18,039	21,729	20%	18%
Total	39,285	46,982	48,475	61,795	71,531	84,313	18%	17%

** Change in 2011/12 expressed as percentage of the figure for 2010/11*

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	12-Month* Change	Compounded Growth
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Chennai[a]	2,442	2,826	3,307	3,806	4,066	4,904	21%	15%
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Total	39,285	46,982	48,475	61,795	71,531	84,313	18%	17%

** Change in 2011/12 expressed as percentage of the figure for 2010/11*

(Source: HVS Research)

For all tables

a - Chennai (includes Sriperumbudur and Oragadam)

b - Delhi NCR data (Shaded Portion), rest Delhi (excluding Gurgaon, NOIDA and Greater NOIDA) data

c - Gurgoan (includes Manesar)

d - NOIDA (includes Greater NOIDA)

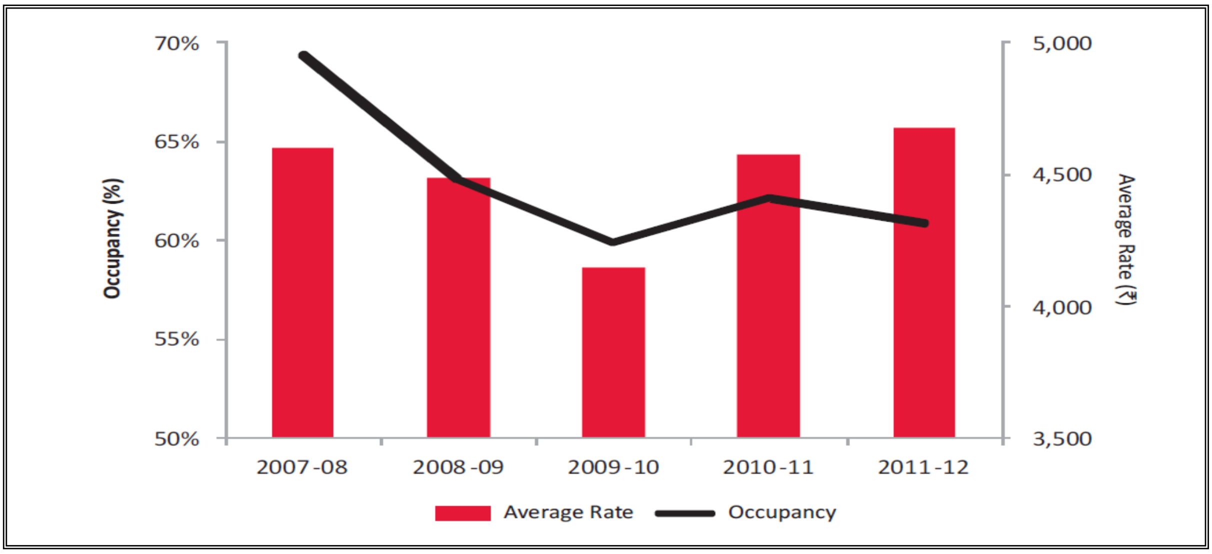
e - Mumbai (includes Navi Mumbai)

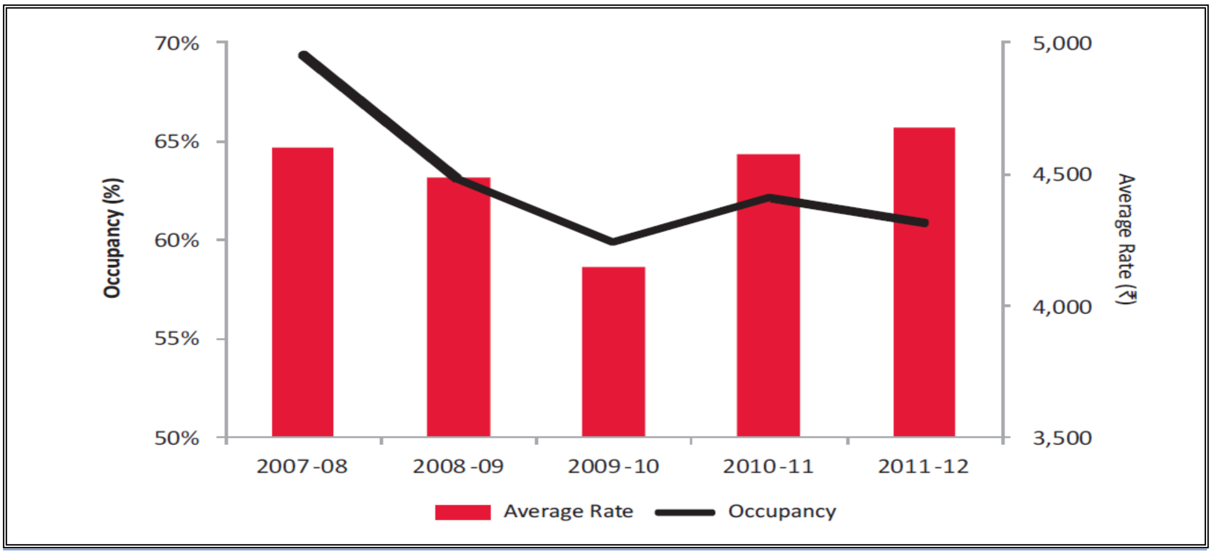
f - Other Cities (includes all other hotel markets across India)

2.5.5 Key Highlights

There is a strong positive correlation between growth in supply and growth in demand. A 15per cent increase in supply in 2011/12 across major cities was accompanied by a 12per cent increase in demand, which confirms this trend. It also indicates the presence of a large quantum of unaccommodated demand that was absorbed as new lodging options entered the market. However, despite an increase in the overall gross revenues, net income as a percentage of total revenue continued to decline in 2011/12 mainly on account of high inflation that resulted in increased overhead costs. Hotel Valuation Service (HVS) tracked a proposed supply of 93,355 branded rooms of which 58per cent is actively under development and is expected to enter the Indian hotel market over the next five years. A more competitive market together with a high inflationary environment stresses the need for hotels to focus on improving their operational efficiencies to curtail further erosion of their net incomes. The following exhibits highlight some key emerging trends. Figure 2.9 draws attention to the fact that 2011/12 was indeed a year of resilience where all-India average rates increased by 2.2per cent as compared to the previous year and occupancies declined slightly by 1.9per cent despite a double-digit growth in room supply across major cities.

Figure 2.9 Occupancy and Average Rate 2007/08 to 2011/12

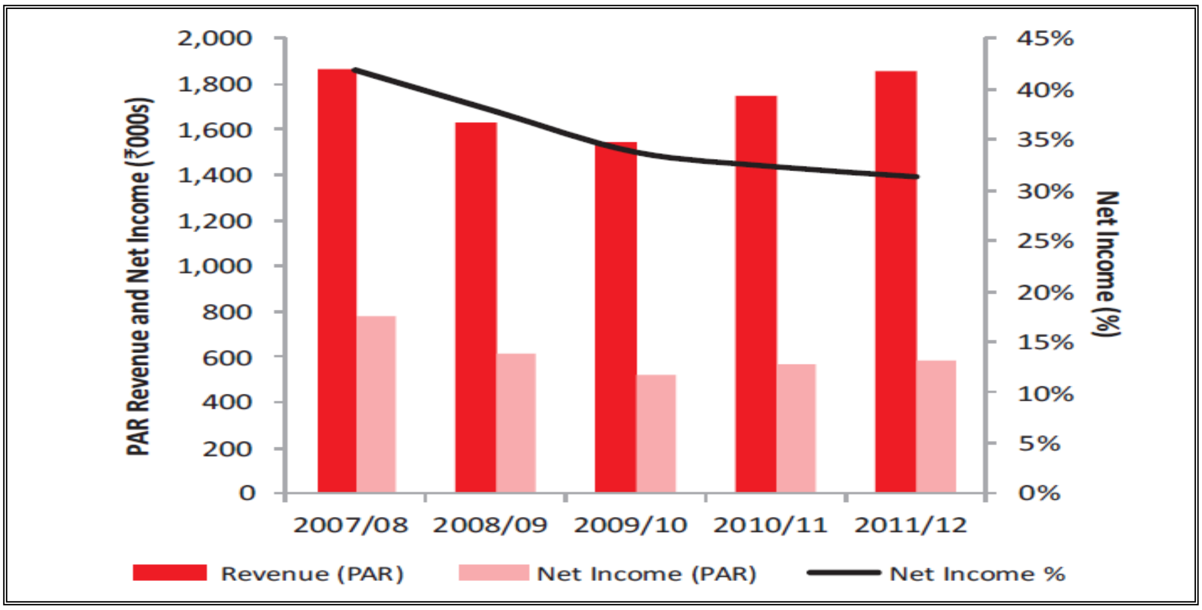


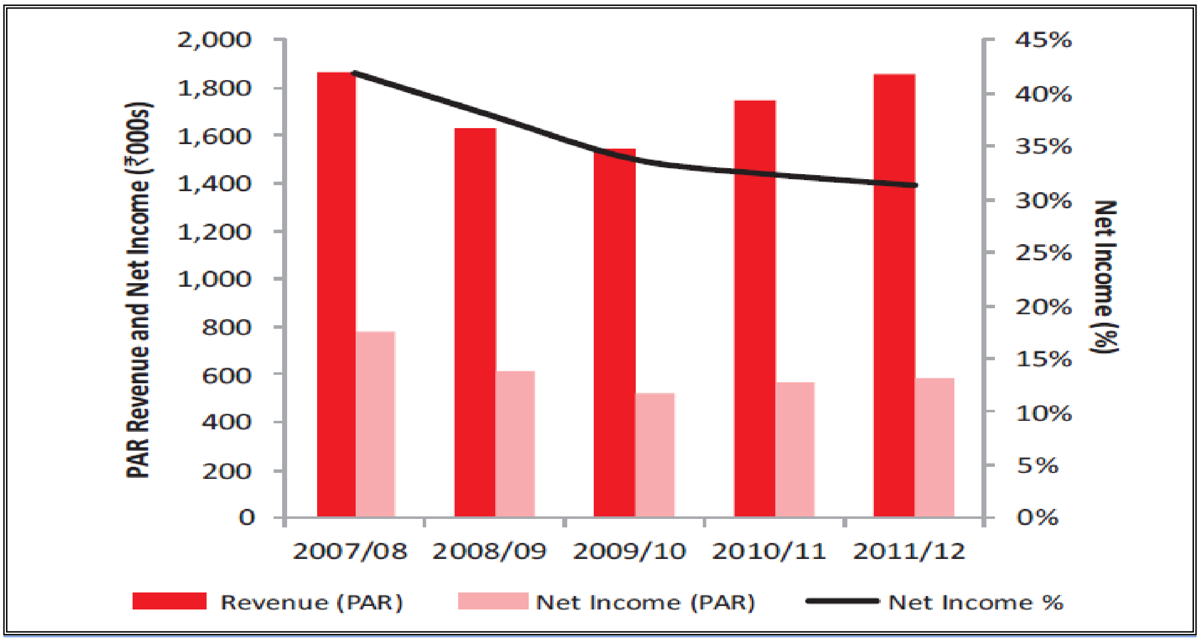


(Source: HVS Research)

Figure 2.10 presents the PAR trends in revenue and net income over the past five years. While total revenue increased by 7.0per cent, net income recorded a decline of 3.1per cent as a percentage of revenue over the previous year. This could be attributed to an increase in departmental expenses as a percentage of revenue, together with the PAR increases in Administrative & General and Energy costs.

Figure 2.10 Revenue and Net Income 2007/08 to 2011/12

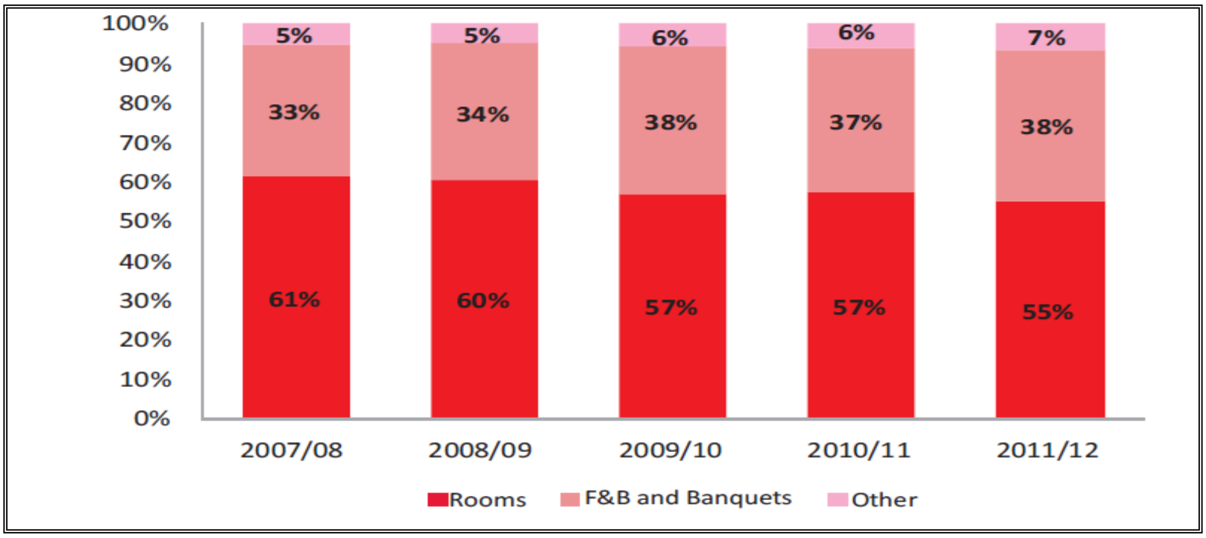


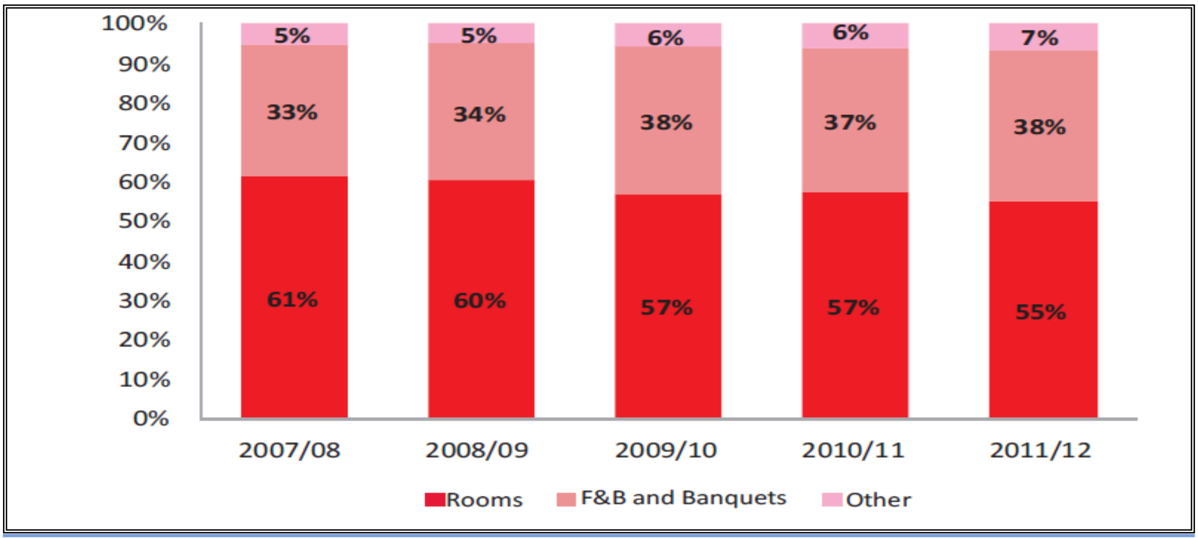

PAR Revenue and Net Income (₹000s)
2,000
1,800
1,600
1,400
1,200
1,000
800
600
400
200
0
45%
40%
35%
30%
25%
20%
15%
10%
5%
0%
Net Income (%)
2007/08
2008/09
2009/10
2010/11
2011/12
Revenue (PAR)
Net Income (PAR)
Net Income %

(Source: HVS Research)

Figure 2.11 illustrates that in 2011/12 the percentage of revenue from Food & Beverage (F&B) including Banquets increased to 38per cent from 37per cent in 2010/11. Also, income from Minor Operating Departments and Rentals increased from 6per cent of total revenue to 7per cent in 2011/12. This could be due to essentially two reasons: the overall decline in room revenues as a percentage of total revenue in 2011/12, and the increase in social events and corporate functions being hosted in hotels. Previous reports of Hotel Valuation Service (HVS) Research have highlighted the opportunities for restaurants and banquets in India, especially since these revenues are typically insulated from the prevailing economic conditions that affect hotel occupancies to a large extent. Going forward, as the competition increases in the market, F&B revenues are expected to continue to contribute a large portion of gross revenues as they are not solely driven by occupancies. Additionally, as discussed earlier, the growing propensity to spend of India's middle and upper income sections will continue to augment demand for F&B across cities in India.

Figure 2.11 Source of Revenue 2007/08 to 2011/12





(Source: HVS Research)

2.6 Indian Hotel Industry Trends by Star Category

According to the study "2012 Hotels in India Trends & Opportunities", conducted and published by Hotel Valuation Service (HVS) Research, by Kaushik Vardharajan Managing Director - HVS Hospitality Services and Yashaas Rajan Consulting & Valuation Analyst, an overall total of 1,320 hotels participated in the survey for 2011/12. The following tables present the results of the performance of the hotels analysed according to the star classification of the hotels.

~~Indian Hotel Industry by Star Category: Market Data~~

Table 2.2 Indian Hotel Industry by Star Category: Market Segmentation

Market Segmentation

COMPOSITION	Five-Star Deluxe	Five-Star	Four-Star	Three-Star	Two-Star	One-Star	Heritage	Others	2011-2012 All India Average
Number of Responses	*36*	*49*	*81*	*345*	*159*	*62*	*38*	*76*	*846*
Airline Crew	7.5%	3.8%	2.6%	0.9%	0.5%	0.6%	0.2%	0.7%	1.4%
Business Traveller - Domestic	14.7	20.4	32.7	33.7	37.8	36.2	16.1	34.0	32.2
Business Traveller - Foreign	19.9	14.8	16.0	8.7	6.5	4.3	9.3	6.2	9.3
Complimentary Rooms	2.3	2.7	1.3	1.9	1.4	2.3	2.0	2.8	1.9
Domestic - Tourists/Leisure FIT	10.0	18.1	11.5	20.5	22.6	25.8	23.4	26.9	20.5
Foreign - Tourists/Leisure FIT	8.9	8.8	8.3	8.0	6.3	4.7	19.6	7.6	8.1
Meeting Participants (Less than 100 Attendees)	4.8	3.2	4.9	3.9	4.0	3.1	3.1	2.7	3.8
Meeting Participants (Over 100 Attendees)	9.7	10.6	6.9	7.7	5.9	5.7	3.1	6.2	7.1
Tour Groups - Domestic	4.2	4.9	6.7	7.9	9.4	9.2	7.6	6.3	7.7
Tour Groups - Foreign	8.1	9.5	6.2	4.2	3.2	1.9	15.3	3.2	4.9
Other	10.0	3.3	2.8	2.6	2.4	6.3	0.5	3.4	3.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Market Segmentation

COMPOSITION	Five-Star Deluxe	Five-Star	Four-Star	Three-Star	Two-Star	One-Star	Heritage	Others	2011-2012 All India Average
Number of Responses	*36*	*49*	*81*	*345*	*159*	*62*	*38*	*76*	*846*
Airline Crew	7.5%	3.8%	2.6%	0.9%	0.5%	0.6%	0.2%	0.7%	**1.4%**
Business Traveller - Domestic	14.7	20.4	32.7	33.7	37.8	36.2	16.1	34.0	**32.2**
Business Traveller - Foreign	19.9	14.8	16.0	8.7	6.5	4.3	9.3	6.2	**9.3**
Complimentary Rooms	2.3	2.7	1.3	1.9	1.4	2.3	2.0	2.8	**1.9**
Domestic - Tourists/Leisure FIT	10.0	18.1	11.5	20.5	22.6	25.8	23.4	26.9	**20.5**
Foreign - Tourists/Leisure FIT	8.9	8.8	8.3	8.0	6.3	4.7	19.6	7.6	**8.1**
Meeting Participants (Less than 100 Attendees)	4.8	3.2	4.9	3.9	4.0	3.1	3.1	2.7	**3.8**
Meeting Participants (Over 100 Attendees)	9.7	10.6	6.9	7.7	5.9	5.7	3.1	6.2	**7.1**
Tour Groups - Domestic	4.2	4.9	6.7	7.9	9.4	9.2	7.6	6.3	**7.7**
Tour Groups - Foreign	8.1	9.5	6.2	4.2	3.2	1.9	15.3	3.2	**4.9**
Other	10.0	3.3	2.8	2.6	2.4	6.3	0.5	3.4	**3.2**
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

(Source: HVS Research)

This table presents the market segmentation of the Indian Hotel Industry. The highest all India average for the year 2011-12 is contributed by the domestic business travellers segment at 32.2per cent and 20.5per cent by the domestic tourist segments; and the lowest all India average for the year 2011-12 is contributed by the Airline crew segment at 1.2per cent. Domestic Business travellers and Foreign Business traveller segment contributes the highest averages to both the four and five star hotel categories.

Table 2.3 Indian Hotel Industry by Star Category: Guest Analysis

Guest Analysis

COMPOSITION	Five-Star Deluxe	Five-Star	Four-Star	Three-Star	Two-Star	One-Star	Heritage	Others	2011-2012 All India Average
Number of Responses	*41*	*56*	*92*	*393*	*187*	*68*	*46*	*95*	*978*
Domestic Guests	51.0%	56.7%	64.3%	78.7%	82.7%	85.2%	52.1%	82.4%	75.3%
Foreign Guests	49.0	43.3	35.6	21.2	17.2	14.8	47.9	17.6	24.7
Total	100.0	100.0	99.9	99.9	99.9	100.0	100.0	100.0	100.0
Total Business Guests	62.4%	55.2%	64.7%	60.3%	56.9%	63.9%	27.9%	60.9%	58.8%
Total Leisure Guests	37.0	44.8	35.2	39.6	43.1	36.1	72.1	39.1	41.2
Total	99.4	100.0	99.9	99.9	100.0	100.0	100.0	100.0	100.0
Avg. Stay of Foreign Guests (Days)	3.8	3.0	3.1	3.5	2.8	1.8	4.4	2.6	3.2
Avg. Stay of Domestic Guests (Days)	2.2	2.1	2.3	3.5	2.6	2.3	2.4	2.3	2.8
Avg. Stay of Business Guests (Days)	2.0	2.2	2.5	3.4	2.8	1.8	2.1	1.9	2.7
Avg. Stay of Leisure Guests (Days)	2.3	2.0	2.9	2.7	2.3	10.1	2.3	2.2	3.0
Percentage of Repeat Guests	37.0	39.1	41.2	47.3	51.9	43.9	27.8	56.4	46.6

Guest Analysis

COMPOSITION	Five-Star Deluxe	Five-Star	Four-Star	Three-Star	Two-Star	One-Star	Heritage	Others	2011-2012 All India Average
Number of Responses	*41*	*56*	*92*	*393*	*187*	*68*	*46*	*95*	*978*
Domestic Guests	51.0%	56.7%	64.3%	78.7%	82.7%	85.2%	52.1%	82.4%	75.3%
Foreign Guests	49.0	43.3	35.6	21.2	17.2	14.8	47.9	17.6	24.7
Total	100.0	100.0	99.9	99.9	99.9	100.0	100.0	100.0	100.0
Total Business Guests	62.4%	55.2%	64.7%	60.3%	56.9%	63.9%	27.9%	60.9%	58.8%
Total Leisure Guests	37.0	44.8	35.2	39.6	43.1	36.1	72.1	39.1	41.2
Total	99.4	100.0	99.9	99.9	100.0	100.0	100.0	100.0	100.0
Avg. Stay of Foreign Guests (Days)	3.8	3.0	3.1	3.5	2.8	1.8	4.4	2.6	3.2
Avg. Stay of Domestic Guests (Days)	2.2	2.1	2.3	3.5	2.6	2.3	2.4	2.3	2.8
Avg. Stay of Business Guests (Days)	2.0	2.2	2.5	3.4	2.8	1.8	2.1	1.9	2.7
Avg. Stay of Leisure Guests (Days)	2.3	2.0	2.9	2.7	2.3	10.1	2.3	2.2	3.0
Percentage of Repeat Guests	37.0	39.1	41.2	47.3	51.9	43.9	27.8	56.4	46.6

(Source: HVS Research)

This table presents the guest analysis of the Indian Hotel Industry. The domestic guests contribute an average of 75.3per cent to the all India guest analysis and 56. 7per cent and 64.3per cent to the all India five star and four star hotel guest analysis average respectively. The business guests average to 58.8per cent for the year 2011-2012. The five star and four star hotels contribute 55.2per cent and 64.7per cent of business guests to the all India average guest analysis.

Table 2.4 Indian Hotel Industry by Star Category: Country of Origin of Guests

Country of Origin of Guests

COMPOSITION	Five-Star Deluxe	Five-Star	Four-Star	Three-Star	Two-Star	One-Star	Heritage	Others	2011-2012 All India Average
Number of Responses	*32*	*45*	*60*	*189*	*77*	*21*	*26*	*21*	*471*
ASEAN*	4.4%	5.0%	5.0%	5.9%	6.5%	5.2%	2.1%	5.0%	**5.4%**
Australia	2.9	3.1	3.6	3.3	3.2	5.7	3.6	5.3	**3.5**
Canada	3.1	2.4	3.4	3.3	3.1	3.4	3.2	5.4	**3.3**
Caribbean	0.7	0.5	0.5	0.7	0.4	0.6	0.2	0.7	**0.6**
China	2.3	3.9	3.9	6.1	6.2	4.6	2.1	6.1	**5.1**
France	3.3	5.4	5.1	6.5	5.0	3.9	15.0	6.3	**6.1**
Germany	4.2	5.7	6.3	7.0	6.3	6.0	12.0	8.0	**6.7**
Japan	4.8	6.7	7.5	4.8	4.7	4.1	4.2	3.6	**5.2**
Middle East	2.4	3.8	4.3	5.5	5.3	6.4	1.2	4.1	**4.7**
Other European	7.6	10.7	10.4	9.0	10.3	6.3	9.6	8.9	**9.4**
Russia	2.8	4.8	4.7	3.8	2.6	2.1	1.9	1.6	**3.4**
SAARC **	2.6	4.4	3.6	5.7	12.2	9.5	2.6	9.8	**6.3**
South Africa	1.4	1.5	2.2	2.7	1.9	3.6	0.4	3.9	**2.3**
UK	12.4	10.9	10.9	12.2	14.0	12.1	15.9	12.8	**12.4**
USA	15.3	12.3	11.0	12.1	8.8	14.7	11.1	9.3	**11.6**
Other	30.0	19.1	17.5	11.7	9.6	11.8	15.1	9.0	**14.1**
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

* ASEAN: Association of South East Asian Nations

** SAARC: South Asian Association for Regional Co-operation - India, Pakistan, Bangladesh, Sri Lanka, Nepal, Bhutan, Maldives

Country of Origin of Guests

COMPOSITION	Five-Star Deluxe	Five-Star	Four-Star	Three-Star	Two-Star	One-Star	Heritage	Others	2011-2012 All India Average
Number of Responses	*32*	*45*	*60*	*189*	*77*	*21*	*26*	*21*	*471*
ASEAN*	4.4%	5.0%	5.0%	5.9%	6.5%	5.2%	2.1%	5.0%	5.4%
Australia	2.9	3.1	3.6	3.3	3.2	5.7	3.6	5.3	3.5
Canada	3.1	2.4	3.4	3.3	3.1	3.4	3.2	5.4	3.3
Caribbean	0.7	0.5	0.5	0.7	0.4	0.6	0.2	0.7	0.6
China	2.3	3.9	3.9	6.1	6.2	4.6	2.1	6.1	5.1
France	3.3	5.4	5.1	6.5	5.0	3.9	15.0	6.3	6.1
Germany	4.2	5.7	6.3	7.0	6.3	6.0	12.0	8.0	6.7
Japan	4.8	6.7	7.5	4.8	4.7	4.1	4.2	3.6	5.2
Middle East	2.4	3.8	4.3	5.5	5.3	6.4	1.2	4.1	4.7
Other European	7.6	10.7	10.4	9.0	10.3	6.3	9.6	8.9	9.4
Russia	2.8	4.8	4.7	3.8	2.6	2.1	1.9	1.6	3.4
SAARC **	2.6	4.4	3.6	5.7	12.2	9.5	2.6	9.8	6.3
South Africa	1.4	1.5	2.2	2.7	1.9	3.6	0.4	3.9	2.3
UK	12.4	10.9	10.9	12.2	14.0	12.1	15.9	12.8	12.4
USA	15.3	12.3	11.0	12.1	8.8	14.7	11.1	9.3	11.6
Other	30.0	19.1	17.5	11.7	9.6	11.8	15.1	9.0	14.1
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

* ASEAN: Association of South East Asian Nations
** SAARC: South Asian Association for Regional Co-operation - India, Pakistan, Bangladesh, Sri Lanka, Nepal, Bhutan, Maldives

(Source: HVS Research)

This table presents the country of origin of guest according to star category analysis of the Indian Hotel Industry. The highest average is represented by the guests from 'other' countries. 19.1per cent and 17.5per cent of five star and four star hotels guests respectively originated from other countries.

Table 2.5 Indian Hotel Industry by Star Category: Marketing Media

Marketing Media - Percentage of Hotels Using Each Media

COMPOSITION	Five-Star Deluxe	Five-Star	Four-Star	Three-Star	Two-Star	One-Star	Heritage	Others	2011-2012 All India Average
Number of Responses	*41*	*56*	*93*	*375*	*171*	*60*	*44*	*82*	*922*
Blogs	24.4%	17.9%	15.1%	10.9%	3.5%	5.0%	4.6%	8.5%	10.1%
Direct Mail	78.1	87.5	83.9	82.9	71.4	66.7	88.6	68.3	78.9
Hotel Website	87.8	94.6	94.6	90.7	81.9	78.3	88.6	75.6	87.3
Loyalty Card program	85.4	71.4	57.0	28.0	19.3	13.3	31.8	18.3	32.9
Merchandising	39.0	35.7	38.7	25.1	15.8	20.0	22.7	15.9	24.7
Other Internet Sites	75.6	76.8	69.9	68.3	63.2	58.3	68.2	48.8	65.9
Outdoor Advertising	51.2	76.8	62.4	61.6	44.4	55.0	59.1	50.0	57.4
Pay Per Click	14.6	12.5	12.9	7.7	5.3	6.7	4.6	1.2	7.6
Print Advertising	92.7	96.4	90.3	84.0	80.7	75.0	88.6	74.4	84.0
Promotions	85.4	85.7	82.8	72.8	51.5	45.0	75.0	46.3	67.1
Radio Advertising	29.3	35.7	39.8	24.3	9.4	3.3	9.1	9.8	20.6
Telemarketing	48.8	67.9	62.4	54.7	37.4	31.7	43.2	36.6	49.1
TV Advertising	34.2	23.2	25.8	28.3	13.5	10.0	27.3	15.9	22.9
Viral Marketing	7.3	8.9	6.5	7.7	1.2	3.3	4.6	7.3	6.0

Marketing Media - Percentage of Hotels Using Each Media

COMPOSITION	Five-Star Deluxe	Five-Star	Four-Star	Three-Star	Two-Star	One-Star	Heritage	Others	2011-2012 All India Average
Number of Responses	*41*	*56*	*93*	*375*	*171*	*60*	*44*	*82*	*922*
Blogs	24.4%	17.9%	15.1%	10.9%	3.5%	5.0%	4.6%	8.5%	**10.1%**
Direct Mail	78.1	87.5	83.9	82.9	71.4	66.7	88.6	68.3	**78.9**
Hotel Website	87.8	94.6	94.6	90.7	81.9	78.3	88.6	75.6	**87.3**
Loyalty Card program	85.4	71.4	57.0	28.0	19.3	13.3	31.8	18.3	**32.9**
Merchandising	39.0	35.7	38.7	25.1	15.8	20.0	22.7	15.9	**24.7**
Other Internet Sites	75.6	76.8	69.9	68.3	63.2	58.3	68.2	48.8	**65.9**
Outdoor Advertising	51.2	76.8	62.4	61.6	44.4	55.0	59.1	50.0	**57.4**
Pay Per Click	14.6	12.5	12.9	7.7	5.3	6.7	4.6	1.2	**7.6**
Print Advertising	92.7	96.4	90.3	84.0	80.7	75.0	88.6	74.4	**84.0**
Promotions	85.4	85.7	82.8	72.8	51.5	45.0	75.0	46.3	**67.1**
Radio Advertising	29.3	35.7	39.8	24.3	9.4	3.3	9.1	9.8	**20.6**
Telemarketing	48.8	67.9	62.4	54.7	37.4	31.7	43.2	36.6	**49.1**
TV Advertising	34.2	23.2	25.8	28.3	13.5	10.0	27.3	15.9	**22.9**
Viral Marketing	7.3	8.9	6.5	7.7	1.2	3.3	4.6	7.3	**6.0**

(Source: HVS Research)

This table presents the percentage of Marketing Media used by each star category of the Indian Hotel Industry. 87.3per cent and 84per cent of the hotels use websites and print advertising as their marketing media respectively. 78.8per cent use direct mail, 67.1per cent use promotions and 65.9per cent use other internet sites as their promotional media. 96.4per cent, 94.6per cent and 87.5per cent of the five star hotels use websites, print advertising and direct mails as a marketing media. Following the same trend 94.6per cent, 90.3per cent and 83.9per cent of the four star hotels use websites, print advertising and direct mails as a marketing media.

2.6.1 Industry Performance Across Major Cities

In 2011/12, most hotel markets witnessed a decline in occupancy with the exception of Ahmedabad, Pune, Kolkata, Mumbai (including Navi Mumbai) and Goa. Ahmedabad, which witnessed a decline in occupancy in 2010/11, bounced back in 2011/12 with the highest increase in occupancy (10.1per cent) on account of strong growth in demand and limited supply entering the market. Pune, which also witnessed a decline in occupancy in 2010/11, recovered in 2011/12 with an 8.4per cent increase in occupancy due to reduced supply pressure. Kolkata and Mumbai witnessed a 4.5per cent and 2.2per cent increase in occupancy, respectively. NOIDA (including Greater NOIDA), on the other hand, witnessed the highest decline in occupancy (22.3per cent) in 2011/12 with 50per cent increase in supply by the addition of a single hotel, but only 15per cent growth in overall demand. Delhi saw the second highest decline (9.9per cent) in occupancy for that year.

In terms of average rates all markets witnessed a decline with the exception of Goa. Goa witnessed an 8.9per cent increase in average rate in 2011/12 over the previous year. Pune suffered the highest decline in average rate by about 11.3per cent over the previous year, reflecting the trade-off the city witnessed in order increase its occupancy. Despite a 3.9per cent decrease in average rate, Delhi witnessed the highest average rate in the country in 2011/12 at `8,293. RevPAR witnessed a decline in all the cities in the country barring Goa, Ahmedabad and Kolkata.

2.7 Metropolitan Hotel Trends of India

2.7.1 Ahmedabad

Ahmedabad witnessed the highest increase in occupancy (10.1per cent) amongst the cities tracked in the survey despite an 11per cent increase in supply, which is indicative of the strong increase in demand. Market wide average rate, however, declined by 5.3per cent, resulting in RevPAR growth of 4.3per cent. Demand in Ahmedabad is driven primarily by the commercial segment and largely depends on the project-related business emanating from industrial clusters located along the periphery of the city in Naroda, Vatwa, Changodar, Odhav, Aslali and Sanand, in addition to demand generated from the traditional CBD areas of Ashram Road and CG Road. In the past few years, owing to hectic development in the commercial sector, Sarkhej Gandhinagar Highway is slowly developing into an alternate CBD. Despite several delays, construction is also underway at Gujarat International Finance Tec-city (GIFT). Additionally, the much talked about Sabarmati River front project was completed earlier this year and is expected to add a leisure element to an otherwise business oriented city.

Nearly 50per cent of the 2,550 rooms are expected in the luxury and upscale space, which will help in uplifting the image of the city, as currently Ahmedabad supports only one upscale hotel. Also, the meeting spaces planned within these hotels will help attract MICE demand as the city has huge potential for the same given the large presence of the pharmaceutical sector in Ahmedabad. With the base inventory expected to more than double in the next few years, hotels in the city will see occupancy pressures. Moreover, average rates for the overall Ahmedabad market may decline in the short term as hotels will focus on occupancy levels in a more competitive marketplace.

2.7.2 Bengaluru

Bengaluru hotel market relies heavily on the IT and ITeS sector with a high foreign to domestic guest ratio, making it more vulnerable to global economic changes than most other cities in the country. This exposure to the international markets was one of the primary reasons why the city's hotels witnessed an overall drop of 8.1per cent in RevPAR in 2011/12. Additionally, a 30per cent increase in the number of hotel rooms in a single year augmented the pressure on average rates, resulting in most hotels adopting a volume-driven strategy. The distinct micromarkets of the city behaved differently, with the CBD that has the highest concentration of luxury and upscale hotels witnessing the maximum drop in average rates while still maintaining stable occupancies as compared to the previous year. Whitefield and Electronic City, on the other hand, recorded marginal increases in average rates owing to limited new supply entering these markets. 2011/12 also saw two new micromarkets being formed in Bengaluru – the ORR-Sarjapur stretch to the southeast and Yeshwantpur to the northwest of the city centre – increasing pressures on the average rate across the city with the commercial business traveller having more accommodation options to choose from.

Contrary to the common phenomenon of budget and mid market hotels recording higher occupancies than hotels with a higher positioning, Bengaluru continues to witness luxury and upscale hotels performing better on this parameter than the rest of the market owing to the latter facing stiff competition from the parallel unbranded hotel market in the city. Ranking third in terms of existing supply, Bengaluru is anticipated to witness the highest number of new rooms entering the market over the short-to-medium term (9,716 of which 71per cent is under active development), a reflection of the continued investor confidence in the city. Bengaluru's hotel market is expected to become more competitive with around 2,400 new rooms entering the market over the next couple of years, and hotels are expected to focus more on occupancy than average rates across all micromarkets of the city in the short-to medium term. However, with nearly half of the new supply having an upscale/luxury positioning, the market wide average rates anticipated to witness an increase in the long term. There is an increased focus on the MICE segment with it contributing over 20per cent of the rooms business for most of the newer hotels that opened in the last one year. However, the city still lacks a world class convention centre, restricting its ability to tap into this lucrative segment.

2.7.3 Chennai

In 2011/12, Chennai witnessed marginal declines in both occupancy and average rates over the previous year, primarily due to the entrance of new supply in the market. In 2012/13, one can expect further pressure on occupancy and rates as more than 1,000 new rooms get added to the market, including luxury properties such as the ITC Grand Chola, The Leela Palace and the Park Hyatt.

OMR is expected to witness a large influx of new supply in the next five years; approximately 2,000 rooms have been announced, and 50per cent of them are actively under development. The micromarkets of Sriperumbudur and Oragadam, where several automobile and manufacturing units are located, continue to present opportunities for hotel development, especially in the budget and mid market segments.

Chennai is expected to witness continued growth in demand from the IT/ITeS, Automobile, and Manufacturing sectors, and the more Traditional Finance and Government Sectors. It is expected that the new iconic properties with large meeting spaces to attract large conferences and events into the city and help in marketing Chennai as a MICE destination. The new international and domestic airport terminals in Chennai are also expected to become operational this year, with the combined capacity of the two terminals increasing to 23 mppa from 12 mppa. Therefore, growth in the Airline segment also can be expected in the city.

2.7.4 Delhi (excluding Gurgaon, NOIDA and Greater NOIDA)

It is the second largest hotel market in India after Mumbai, and saw a compounded increase in supply of 15per cent over the past three years. In the same period, supply pressure and the overall state of the economy caused RevPar to decline by a compounded rate of roundly 8per cent. Hotel Valuation Service (HVS) is currently tracking 5,626 proposed rooms which is an increase of 53per cent in supply. However, only 87per cent (4,901 rooms) of them is expected to be developed over the next five years. A majority of this supply is in the Upscale and Mid-Market segment and is concentrated around the DIAL Aero city area which consists of 15 hotels that are either under construction or in advance planning stages. In the short term, Delhi continues to be a strong market and the phased introduction of the DIAL hotels from late 2012 to 2016 is likely to further induce demand for the city. Despite moderate supply pressures in the next few years, Delhi remains a strong market for hotels. Furthermore, the high costs and scarcity of land bodes well for Delhi as it continues to position the city as a high barrier to entry market.

2.7.5 Kolkata

Kolkata is one of the few cities that have witnessed an increase in RevPAR (2.5per cent) in 2011/12. This is primarily due to minimal new supply (199 rooms) entering the market and increasing demand from developing areas such as Rajarhat, Kolkata's new commercial and industrial district. Historically, business activity was concentrated in the Central Business District (CBD) of Chowringhee, Esplanade, Dalhousie and Park Street where a large number of PSUs and corporate offices of older companies still exist. However, the past few years have seen rapid development along the city's eastern periphery in areas such as Salt Lake and Rajarhat.

3,118 rooms that are proposed for development with 74per cent of them are under active development. Like most other cities, the proposed supply is primarily in the upscale and mid market segments; however, Kolkata is the only mini-metropolitan city that is yet to witness any development of branded budget or extended stay hotels. The extensive development pipeline in New Town, Rajarhat and the eastern part of Kolkata, coupled with its distance from CBD and proximity to the airport, is expected to lead to the creation of a distinct micromarket that will generate its own room night demand and be self-sustaining, going forward. This new micromarket is expected to put pressure on the existing CBD hotels to sustain their current operating performance and tap other business opportunities.

Overall, the outlook for Kolkata remains positive as the city's hotel market maintains its occupancy level and witness marginal decline in average rates owing to new supply impact in the short-to medium term.

2.7.6 Mumbai (including Navi Mumbai)

Mumbai witnessed a 2.2per cent growth in occupancy in 2011/12 over that of the previous year and a 2.5per cent dip in averages rates during the same period. The city also witnessed a 7per cent (approximately 750 rooms) increase in hotel room supply which was much slower than the 14per cent growth it witnessed in 2010/11. The South and Central Mumbai micromarkets have probably been most affected in 2011/12 by a drop in demand with several offices shifting base to the new North Mumbai business districts in Bandra Kurla Complex (BKC), Andheri- Kurla, Malad, Powai and Vikhroli. Lower commercial rentals, state-of-the-art office facilities, the area's proximity to the airport, and the extended travel time from North to South Mumbai have been some of the main reasons for this shift. Further, occupancy and average rate pressures are expected in 2012/13 as well.

The displaced demand from South Mumbai has positively impacted North Mumbai hotels. Almost all hotels in this micromarket have shown stable to marginal growths in occupancy. A majority of the new supply to enter Mumbai in 2011/12 was in the North Mumbai area. Coupled with the additions to supply in 2010/11, the area has witnessed some rate pressures as a result of these new hotels trying to increase their overall market share. Going forward, with supply growth in the short term anticipated to be slower than the previous years, occupancy levels are expected to rise with average rates still coming under pressure as new hotels in the market try to reach a stable level of performance.

The Navi Mumbai micromarket is still largely dependent on unbranded hotels, which continue to form a bulk of the hotel supply in the area. The total number of branded rooms in 2011/12 stood at 562 with another 389 rooms expected to be added in 2012/13. Future supply growth remains slow paced with a lot hinging on the development of the new international airport at Panvel, which has already witnessed several delays and is yet to commence construction. Going forward, with a major portion of the new supply already operational in 2012/13, there is likely to be occupancy and rate pressures in this micromarket in the short term. However, with only limited new supply expected in the medium-to-long term, hotel performance is expected to steadily improve in the future.

2.7.7 Pune

Pune saw the second-highest growth in occupancy (8.4per cent) following Ahmedabad, a first since 2006/07. In the last five years (2007/08-2011/12), the city's hotel supply has witnessed a steep growth of over 320per cent leading to a decline in occupancy in each year. In 2011/12, growth in demand outpaced supply resulting in the upward movement of occupancy. Growth was primarily led by the MICE segment as Pune established itself as an alternate location to Mumbai for hosting large-scale events in the western region of the country. However, as hotels focused on building their occupancies, the average rates recorded the highest decline (-11.3per cent) among all the markets tracked in this survey. Despite the declining average rates, Hotel Valuation Service (HVS) believes that the increase in occupancy signals that Pune has left its worst behind and is now clearly on its path to recovery. Going forth, new supply of 4,645 rooms with only 69per cent is under active development. Over 60per cent of the proposed supply is planned in the mid market and budget segments especially in the industrial pockets of Chakan, Pimpri and Talegaon that are located along the periphery of Pune. As the growth in supply moderates, occupancy level is expected to continue to improve. With respect to the average rates, it is anticipate that the CBD hotels will be able to maintain their rates whereas hotels located in the peripheral locations such as Nagar Road, Hinjewadi and Pimpri will witness a decline due to pressure from oversupply of rooms in the short term.

Hyderabad is also one of the Metropolitan cities which need to be considered here among the other metro cities. But since Hyderabad and Vishakhapatnam are the select cities for this study Hyderabad is separately studied under Economic Scenario of Andhra Pradesh along with Vishakhapatnam.

2.8 Economic Scenario of Andhra Pradesh

Andhra Pradesh (AP) is one of the relatively large states in India. It accounts for 8.4per cent of India's total geographical area and 7.1per cent of population, ranking fourth in terms of geographical area and fifth in terms of population among the Indian states.

Andhra Pradesh is third largest economy in India in terms of GSDP. Andhra Pradesh's economic growth path has been commendable especially during the last three decades. Starting from a relatively lower per capita income, Andhra Pradesh has surpassed the national average about a decade ago. Although the state's performance is impressive in terms of economic growth when compared to its past and when compared to rest of the states in India, its overall development is judged as moderate.

The growth experience of Andhra Pradesh in the recent past is commendable. When compared to previous decades, the last decade's (i.e. 2000s) average growth rate of the state economy is substantially higher. The economy is growing at an average rate of 8.2per cent during last decade, 2002- 2012. The last two year's average growth rate is 8.4per cent, which is even higher.

Within state, however, there are variations in the level of economic development across districts. For example, Srikakulam and Mahaboobnagar are at the bottom end by the average per capita income during 2007-10 while Hyderabad and Visakhapatnam are at the top end. Most of the growth oriented industry is concentrated in and around metropolitan cities such as Hyderabad, Visakhapatnam and Vijayawada.

2.8.1 Tourism in Andhra Pradesh

Tourism has been one of the high priority, and also high performing, sectors in the state during the last one and half decade. Andhra Pradesh with more than 600 tourist locations attracts the largest number of tourists in India. More than 7 million visitors visit the state every year (GoAP, 2012).

The Andhra Pradesh Tourism Development Corporation (APTDC), a State Government undertaking incorporated in the year 1976, continues to register significant growth since 1999-2000 with a focus on the creation of tourism infrastructure and products. APTDC continues to strive for promotion of new tourism products such as Eco-Tourism, Beach Tourism and Cruise Tourism.

Tourism sector is contributing substantially (directly/indirectly) to the state GSDP. One of the earlier goals set for the state is reaching a target of 35 per cent domestic tourist arrivals and at least 10 per cent of international tourists by the year 2020.

Table 2.6 Tourist Inflow and Revenue in Andhra Pradesh

	Tourists		Revenue	
Year	Nos (Lakhs)	Growth (%)	(Rs.Crores)	Growth (%)
2004-05	24.96		59.18	
2005-06	43.83	75.6	76.46	29.2
2006-07	53.54	22.2	89.5	17.1
2007-08	62.47	16.7	100.89	12.7
2008-09	73.79	18.1	109	8.0
2009-10	77.48	5.0	116.7	7.1
2010-11	41.63	-46.3	124.68	6.8
2011-12 (up to Sep 2011)	19.08	-	59.41	-

Source: Tourism Development Corporation.

Year	Tourists		Revenue	
	Nos (Lakhs)	Growth (%)	(Rs.Crores)	Growth (%)
2004-05	24.96		59.18	
2005-06	43.83	75.6	76.46	29.2
2006-07	53.54	22.2	89.5	17.1
2007-08	62.47	16.7	100.89	12.7
2008-09	73.79	18.1	109	8.0
2009-10	77.48	5.0	116.7	7.1
2010-11	41.63	-46.3	124.68	6.8
2011-12 (up to Sep 2011)	19.08	-	59.41	-

Source: Tourism Development Corporation.

2.8.2 Hyderabad

The fourth largest state in India is famous for the Nizams. The main tourist attraction is Hyderabad - the capital city offers an interesting perspective of a cross culture and historical tradition. Hyderabad is the largest contributor to the state's GDP, state tax and other revenues. In addition to being an IT and ITeS hub Hyderabad emerged as a pharmaceutical and biotechnology hub and is known as India's pharmaceutical capital and Genome Valley of India. It is also a house to many entertainment industries, and financial services.

Certain political disturbances have had an impact on the number of tourists visiting Hyderabad. However, industry analysts have not come across any incident where hospitality projects have moved out of the city due to the current scenario. Hyderabad remains one of the sought-after destinations for launching new hotels.

Hyderabad has witnessed a sharp decline in RevPAR over the past five years with a compounded decrease of 10.2per cent. Supply pressure has kept occupancies and average rates suppressed and the ongoing political disorder clubbed with a slowing global and national economy has further impacted the performance of hotels in the city. Although existing companies have resumed business with a moderate pickup in demand of 3per cent, new companies and investments are reluctant to consider Hyderabad given the current political uncertainty associated with the city.

Though the immediate outlook for Hyderabad may seem bleak with supply outpacing demand, the city has proved to be fairly resilient by absorbing a 17per cent compounded increase in supply over the past five years resulting in a 10.2per cent compounded drop in RevPAR for the same period. With the establishing of India's first conventions bureau, the Hyderabad Convention Visitors Bureau is further expected to enhance meeting and conferencing demand for the city in the long-run. A majority of the proposed supply (63.5per cent) is expected in the upscale and mid market segments. Industry reports are of the opinion that although demand continues to grow, the impending supply pressures are likely to keep the occupancy and average rates fairly muted in the short-run.

Lately, there is clear polarization in hospitality preference with one bunch of hotels in the Central Business District (CBD), and another group located in and around the Hitec City area along with those coming up in the IT business hub. The city witnessed the launch of Lemon Tree and Sarovar Hotel projects. This was followed by the opening up of Vivanta by Taj - Begumpet, the Park Hyatt, and Marigold and Avasa by Greenpark - all in the five-star category. The 181 room Vivanta by Taj - Begumpet hotel at Hyderabad became operational in the third quarter. With this recent capacity expansion, the company's room inventory has gone up from 902 rooms to 1083 rooms.
Further, Hyderabad Airport is aiming to become India's first cargo hub. With its central location, world-class infrastructure, free trade and special economic zone, and huge presence of Pharma sector, Hyderabad is ideally suited to be a cargo hub. This would certainly boost the business travel inflow into Hyderabad and hence would benefit the hotel industry in the city. Hyderabad city has also been voted by MICE (Meetings, Incentives, Conferences, Exhibitions) readers as the best city for MICE in Asia for the Annual MICE report Awards.

Two Five star hotels i.e. Taj Vivanta and Accor Novotel and two Four star hotels i.e. Greenpark and ITC Fortune Park Vallabha are considered from Hyderabad for the study based on their consent, availability and suitability.

2.8.3 Vishakhapatnam

The Hospitality sector is in boom in Visakhapatnam due to growing tourist arrivals for the destination with beautiful beaches, vast blue sea, green-capped hills, breathtaking valleys, dense jungles and crystal clear cascades, million-year-old caves, hill temple, ancient Buddhist sites, lush green parks etc. and the bustling business activities in Aqua culture, Steel plant, Fertilizers, Refineries, SEZs, Apparel parks.

Hospitality industry in Visakhapatnam is growing at a rate of 15.0per cent annually. All categories of the hotel industry have seen an increase in occupancies. Opportunities in this sector continue to be more in the budget and mid-market segment: it is anticipated that these segments would witness huge growth and expansion, in the next two to three years. New opportunities may come up in the extended stay segment and specialized serviced apartment chains targeting IT and related services.

At present there are eleven star category hotels in Visakhapatnam, facilitating both International and Domestic tourists visiting Visakhapatnam. The premium (5-star and 5-star deluxe) hotels industry is set to experience tough times with profitability likely to plummet in 2012-13 and 2013-14 due to a fall in occupancy as well as room rates and rising costs. Operating margins will fall to around 16 per cent in the current fiscal, the lowest in the past ten years.

Over the next two years, as the increased room inventory intensifies competition and aggravates the demand-supply imbalance prevailing in the segment, occupancy rates will dip to 56 per cent in 2013-14 from 64 per cent in 2011-12. Room rates for premium hotels will dip by about 10 per cent over this period to Rs.6, 950 in 2013-14 from Rs.7, 750 in 2011-12.

The fall in occupancy rates and room rates will result in a sharp decline in revenue per available room. The average revenue per available room for premium hotels will plunge from Rs.5, 000 a day in 2011-12 to Rs.3, 900 a day in 2013-14.

The decline in revenue per available room will erode the profitability of premium hotels, as room revenues make up almost two-thirds of their total revenues. Rising costs will be adding to the pressure on profitability. Workforce shortage will result in mounting employee costs. Energy costs too will go up concomitantly.

The combined effect of all these factors will see operating margins fall to around 16 per cent in 2013-14 from around 24 per cent in 2011-12. This time around, however, the recovery will be slower. Although Crisil Research expects demand to recover over the longer term, a continued oversupply at least till 2015-16 will maintain the pressure on profitability of premium hotels. (The author is Director, Crisil Research, a division of Crisil)

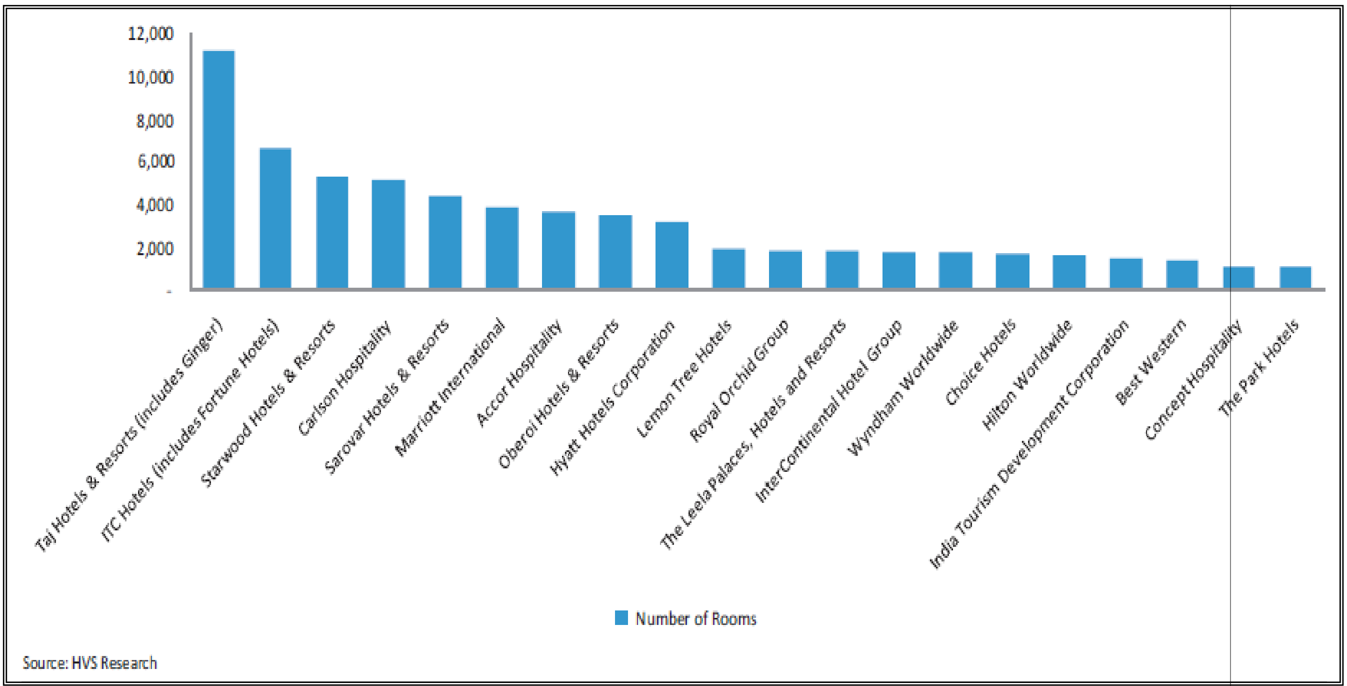
The survey on the Hospitality sector shows a vast gap in the supply of quality rooms in Visakhapatnam. Even though the city has many hotels in the premium range, the average of occupancy rate is about 75per cent As per the local industrialists, they acknowledge the room shortage but they are helpless because shortage of required size of the sites in main areas for development of the Hotels. The improved air connectivity, growing industrialization and tourists attractions in the city requires more rooms and banqueting facilities to accommodate.

Two five star hotels i.e. Taj Residency now known as The Gateway Hotel Beach Road, and Accor Novotel Varun Beach, and two four star hotels i.e. Greenpark, and ITC Fortune Sree Kanya, are considered from Vishakhapatnam based on their consent, availability and suitability for the study.

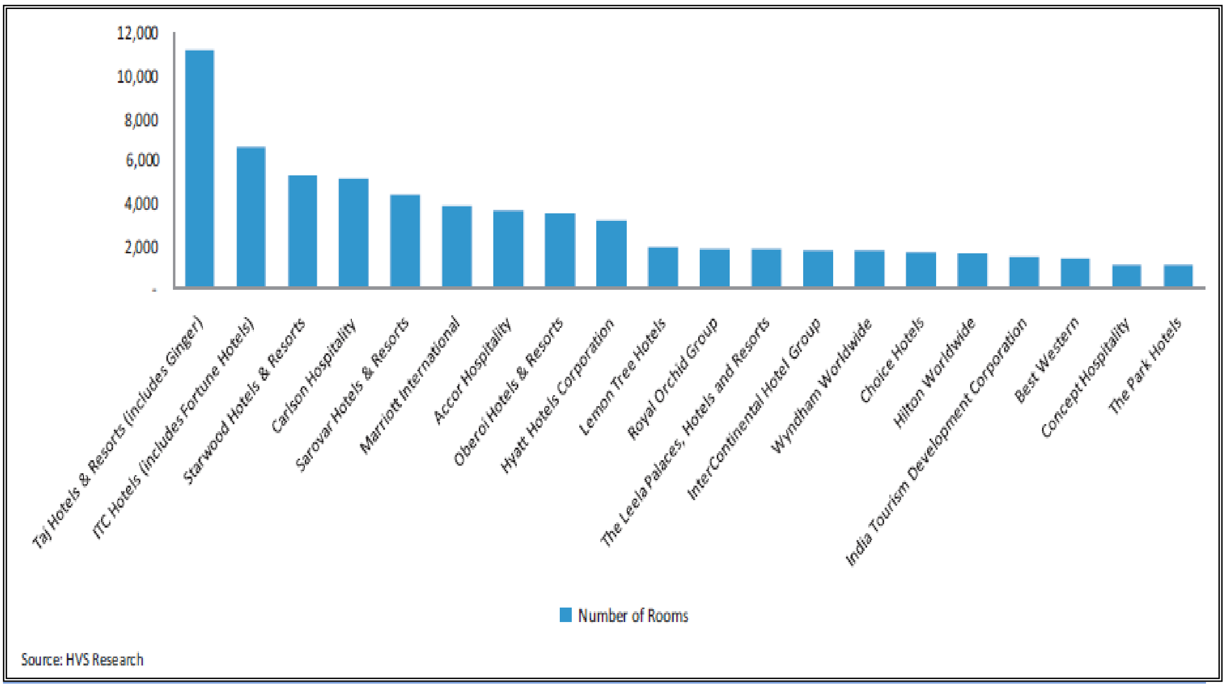
2.9 Future Supply of Hotels

Numerous international hotel brands have entered the Indian hospitality market in the past decade and are now aggressively focusing on their expansion strategies. The following figure 2.12, presents the total operating inventory for the 20 largest hotel brands in the country as of September 2012.

Figure 2.12 Top 20 Hotel Brands by Existing Inventory – September 2012



Source: HVS Research



Source: HVS Research

Table 2. 7 given below reflects the anticipated growth over a five-year period by quantifying the number of hotel rooms currently under construction or those that HVS is confident will open by March 2017. The new supply is further classified into its potential segments of luxury, upscale, mid market, budget and extended stay hotels. Table 2.7 presents the development trend of the hotel markets across India over the last six years. Mumbai (including Navi Mumbai) has the highest planned future supply in the country in 2011/12 with close to 10,896 proposed rooms. However, this number could be misleading and needs

to be further viewed in conjunction with the probability of the proposed supply actually being developed in that period of time. The active development of supply percentage is the percentage of total proposed supply, which is expected to be developed in the next five years or by March 2017. So, while Mumbai reflects a total proposed supply of 10,896, it can be believed that only 47per cent of this proposed supply will actually be developed by March 2017. Meanwhile Bengaluru, which has the second highest number of proposed room supply (9,716 rooms), could actually see 71per cent of this supply, or 6,890 rooms, and become operational by March 2017.

Table 2.7 Proposed Branded Hotel Rooms across Major Cities (2012/13 – 2016/17)

	Existing Supply 2011/12	Proposed Supply	Increase in Future Supply	Active Development of Supply	Luxury	Upscale	Mid Market	Budget	Extended Stay
Agra	1,739	650	37%	80%	20.0%	0.0%	80.0%	0.0%	0.0%
Ahmedabad	1,975	2,550	129%	69%	9.8%	39.4%	26.9%	23.8%	0.0%
Bengaluru	7,713	9,716	126%	71%	20.0%	31.2%	23.4%	17.0%	8.4%
Chennai	4,904	7,547	154%	58%	19.9%	19.3%	32.9%	22.6%	5.3%
Delhi	10,697	5,626	53%	87%	18.4%	31.8%	33.8%	16.0%	0.0%
Gurgaon	3,782	5,818	154%	55%	23.2%	38.3%	20.7%	15.6%	2.1%
NOIDA	527	5,522	1048%	37%	32.5%	39.8%	10.6%	11.9%	5.3%
Goa	3,885	2,422	62%	53%	4.3%	4.5%	40.5%	45.5%	5.2%
Hyderabad	4,797	5,265	110%	74%	12.4%	28.5%	35.0%	17.3%	6.8%
Jaipur	3,054	3,356	110%	52%	3.3%	51.1%	26.3%	19.3%	0.0%
Kolkata	1,787	3,118	174%	74%	21.6%	30.4%	47.9%	0.0%	0.0%
Mumbai	12,052	10,896	90%	47%	30.0%	22.3%	32.4%	9.8%	5.5%
Pune	5,672	4,645	82%	69%	12.2%	24.3%	36.4%	25.5%	1.6%
Other Cities	21,729	26,224	121%	48%	0.7%	29.3%	49.0%	21.0%	0.0%
Total	84,313	93,355	111%	58%	14.5%	29.2%	35.3%	18.0%	3.0%

Source: HVS Research

	Existing Supply 2011/12	Proposed Supply	Increase in Future Supply	Active Development of Supply	Luxury	Upscale	Mid Market	Budget	Extended Stay
Agra	1,739	650	37%	80%	20.0%	0.0%	80.0%	0.0%	0.0%
Ahmedabad	1,975	2,550	129%	69%	9.8%	39.4%	26.9%	23.8%	0.0%
Bengaluru	7,713	9,716	126%	71%	20.0%	31.2%	23.4%	17.0%	8.4%
Chennai	4,904	7,547	154%	58%	19.9%	19.3%	32.9%	22.6%	5.3%
Delhi	10,697	5,626	53%	87%	18.4%	31.8%	33.8%	16.0%	0.0%
Gurgaon	3,782	5,818	154%	55%	23.2%	38.3%	20.7%	15.6%	2.1%
NOIDA	527	5,522	1048%	37%	32.5%	39.8%	10.6%	11.9%	5.3%
Goa	3,885	2,422	62%	53%	4.3%	4.5%	40.5%	45.5%	5.2%
Hyderabad	4,797	5,265	110%	74%	12.4%	28.5%	35.0%	17.3%	6.8%
Jaipur	3,054	3,356	110%	52%	3.3%	51.1%	26.3%	19.3%	0.0%
Kolkata	1,787	3,118	174%	74%	21.6%	30.4%	47.9%	0.0%	0.0%
Mumbai	12,052	10,896	90%	47%	30.0%	22.3%	32.4%	9.8%	5.5%
Pune	5,672	4,645	82%	69%	12.2%	24.3%	36.4%	25.5%	1.6%
Other Cities	21,729	26,224	121%	48%	0.7%	29.3%	49.0%	21.0%	0.0%
Total	84,313	93,355	111%	58%	14.5%	29.2%	35.3%	18.0%	3.0%

Source: HVS Research

Table 2.8 Distribution of Existing and Proposed Branded Hotel Rooms across Major Cities (2006/07 – 2011/12)

	Existing Supply						Proposed Supply						Active Development of Supply					
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Agra	1,336	1,336	1,419	1,439	1,439	1,739	764	670	400	510	667	650	32%	55%	75%	41%	22%	80%
Ahmedabad	519	675	800	1,521	1,785	1,975	2,230	3,664	3,058	2,339	2,319	2,550	60%	47%	71%	69%	73%	69%
Bengaluru	2,414	3,456	3,889	5,597	5,947	7,713	12,882	15,542	10,784	9,819	12,509	9,716	61%	60%	58%	65%	67%	71%
Chennai	2,442	2,826	3,307	3,806	4,066	4,904	6,213	7,147	4,945	5,995	7,819	7,547	68%	71%	67%	72%	57%	58%
Delhi	7,990	9,019	8,625	8,129	9,111	10,697	19,423	22,360	16,560	20,021	18,608	5,626	56%	51%	53%	75%	75%	87%
Gurgaon				1,980	3,246	3,782						5,818						55%
NOIDA				300	351	527						5,522						37%
Goa	2,450	2,768	2,795	3,288	3,375	3,885	3,058	3,353	2,178	1,736	2,154	2,422	58%	42%	31%	41%	53%	53%
Hyderabad	1,868	2,554	2,761	3,782	4,036	4,797	10,619	8,250	5,884	5,302	5,713	5,265	47%	64%	73%	63%	77%	74%
Jaipur	1,388	1,556	1,683	2,472	2,554	3,054	4,012	2,937	3,357	2,664	4,867	3,356	56%	53%	53%	77%	45%	52%
Kolkata	1,354	1,396	1,373	1,520	1,588	1,787	3,644	5,965	4,025	3,481	3,612	3,118	67%	49%	62%	51%	58%	74%
Mumbai	7,402	8,454	7,948	9,877	11,303	12,052	11,578	10,613	13,386	7,477	12,121	10,896	49%	62%	73%	60%	35%	47%
Pune	777	1,346	1,518	2,672	4,691	5,672	8,072	8,243	8,054	5,196	5,545	4,645	77%	66%	52%	67%	56%	69%
Other Cities	9,345	11,596	12,357	15,412	18,039	21,729	19,476	25,722	21,484	24,909	26,504	26,224	58%	60%	60%	65%	56%	48%
Total	39,285	46,982	48,475	61,795	71,531	84,313	101,971	114,466	94,115	89,449	102,438	93,355	58%	58%	60%	67%	60%	58%

Source: HVS Research

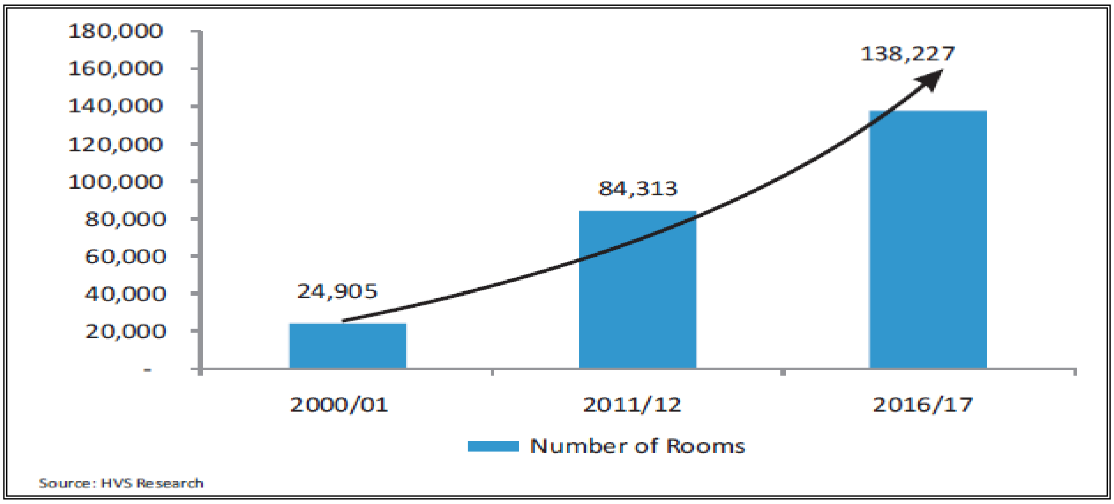
	Existing Supply						Proposed Supply						Active Development of Supply					
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Agra	1,336	1,336	1,419	1,439	1,439	1,739	764	670	400	510	667	650	32%	55%	75%	41%	22%	80%
Ahmedabad	519	675	800	1,521	1,785	1,975	2,230	3,664	3,058	2,339	2,319	2,550	60%	47%	71%	69%	73%	69%
Bengaluru	2,414	3,456	3,889	5,597	5,947	7,713	12,882	15,542	10,784	9,819	12,509	9,716	61%	60%	58%	65%	67%	71%
Chennai	2,442	2,826	3,307	3,806	4,066	4,904	6,213	7,147	4,945	5,995	7,819	7,547	68%	71%	67%	72%	57%	58%
Delhi	7,990	9,019	8,625	8,129	9,111	10,697	19,423	22,360	16,560	20,021	18,608	5,626	56%	51%	53%	75%	75%	87%
Gurgaon				1,980	3,246	3,782						5,818						55%
NOIDA				300	351	527						5,522						37%
Goa	2,450	2,768	2,795	3,288	3,375	3,885	3,058	3,353	2,178	1,736	2,154	2,422	58%	42%	31%	41%	53%	53%
Hyderabad	1,868	2,554	2,761	3,782	4,036	4,797	10,619	8,250	5,884	5,302	5,713	5,265	47%	64%	73%	63%	77%	74%
Jaipur	1,388	1,556	1,683	2,472	2,554	3,054	4,012	2,937	3,357	2,664	4,867	3,356	56%	53%	53%	77%	45%	52%
Kolkata	1,354	1,396	1,373	1,520	1,588	1,787	3,644	5,965	4,025	3,481	3,612	3,118	67%	49%	62%	51%	58%	74%
Mumbai	7,402	8,454	7,948	9,877	11,303	12,052	11,578	10,613	13,386	7,477	12,121	10,896	49%	62%	73%	60%	35%	47%
Pune	777	1,346	1,518	2,672	4,691	5,672	8,072	8,243	8,054	5,196	5,545	4,645	77%	66%	52%	67%	56%	69%
Other Cities	9,345	11,596	12,357	15,412	18,039	21,729	19,476	25,722	21,484	24,909	26,504	26,224	58%	60%	60%	65%	56%	48%
Total	39,285	46,982	48,475	61,795	71,531	84,313	101,971	114,466	94,115	89,449	102,438	93,355	58%	58%	60%	67%	60%	58%

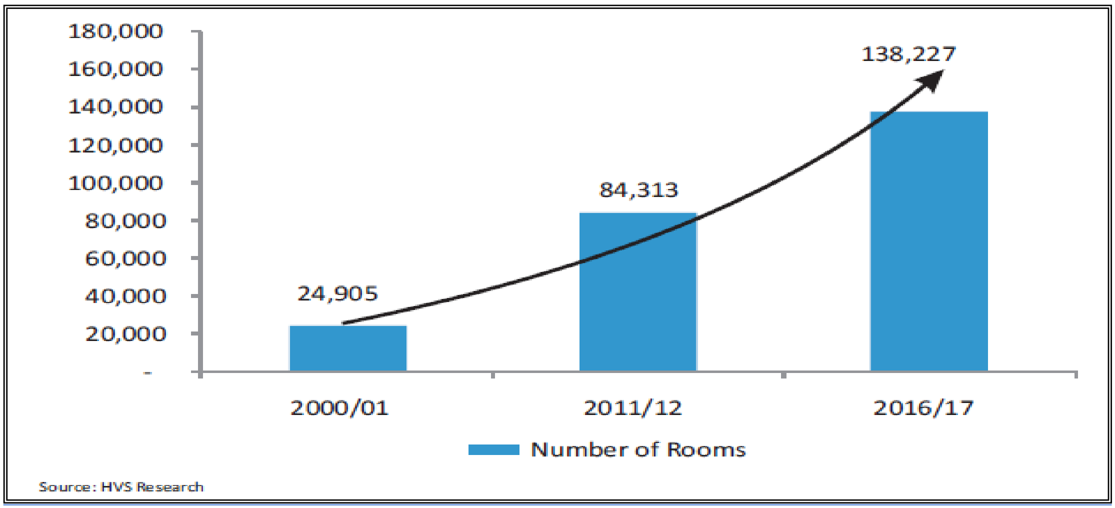
Source: HVS Research

The countrywide active development of supply over the next five years has declined from 60per cent in 2010/11 to 58per cent in 2011/12, as projects were deferred on account of reduced liquidity and concerns about macro-economic conditions. After taking into account the 58per cent active development of future supply, it is expected that 54,000 rooms would be developed over the next five years, taking the total supply to about 138,000 rooms by 2016/17.

Figure 2.13 presents the increase in hotel room supply in India from 2000/01 through 2011/12, and then further presents proposed new supply through 2016/17.

Figure 2.13 Growth of Room Supply – India (2000/01 – 2016/17)





An interesting point to note is the shift in the composition of this supply. Traditionally, India has been associated with the development of luxury and upscale hotels. In 2010 report, proposed luxury and upscale hotel supply constituted 50per cent of the total new supply expected to enter the market in the next five years. In 2011, this number has dropped to 45per cent giving way to increased development in the mid market and budget space. Going forward, this year's survey (2012) reaffirms this trend with the luxury and upscale segments now accounting for only 43.7per cent of the total proposed supply across the country. Such a trend bodes well for the hospitality industry at large as the availability of lodging options across all price points will encourage and enable more Indians to travel within the country and thereby increase demand for the industry.

2.10 Challenges for Hotel Sector in India

Hotel Valuation Service (HVS) estimates that while hotel supply across major cities witnessed a growth of 15per cent in 2011/12, demand exhibited a strong increase of 12per cent during the same period. Thus, although nationwide occupancy decreased in 2011/12, it is vital to note that it was primarily due to supply pressure and not due to an absolute decrease in demand. The more serious challenge currently facing the hospitality industry is inflation, which was recorded at 8.8per cent in 2011/12. High inflation levels throughout the year resulted in increased overhead costs. Consequently, although the top line improved in 2011/12 over 2010/11, the net income percentage declined by 3.1per cent. In particular, the increase in departmental expenses as a percentage of revenue together with the PAR increases in Administrative & General and Energy costs resulted in the reduction in bottom lines.

2.10.1 Shortfall of Trained Manpower

One of the biggest challenges facing most hotel companies today as they try to keep pace with the growing supply of new hotels is the recruitment of trained manpower, to maintain quality and professional service delivery and product up-keep. This year's survey reveals that the average percentage of trained employees per hotel is 83.3per cent. While this average has witnessed a growth of 6per cent over that in the previous year, none of the staffing levels (manager/supervisor/staff) have achieved an average of 100per cent. Going forward the supply is expected to increase by nearly 111per cent in the next five years, the demand for high quality professionals will continue to increase and will also lead to a steady rise in compensation levels. A decline in the quality of service offered by hotels in India confirms the lack of trained manpower. Shortage of skilled staff is noted in the two-star and three-star categories of hotels. In order to cultivate a suitably trained workforce, more vocational institutions need to be set up. Moreover, hotels need to maintain considerable focus on training, development and multi-skilling of their manpower to ensure efficient utilisation and to cope with rising manpower costs.

2.10.2 Changing Market Segmentation

The Indian hotel industry at large caters to more business guests as compared to leisure travellers. This is mainly because a major portion of the hotel supply is located in key metropolitan cities which are primarily business destinations. 2012 survey reveals an interesting trend: a decline in the ratio of business travellers to leisure travellers. The percentage of business guests decreased to 58.8per cent from 60per cent last year. The increasing use of internet and video conferencing tools to conduct meetings coupled with cost-cutting initiatives in a depressed global economic scenario has resulted in a decline in overall business travel. Also, the average length of stay of business guests decreased to 2.7 nights from 3.0 nights last year. The Leisure segment, on the other hand, grew by 3per cent over last year. Additionally, the overall average length of stay of leisure guests has improved from 2.3 nights last year to 3.0 nights this year. This increase has been led mainly by domestic travellers who, as mentioned earlier, have improved disposable incomes and a greater keenness to travel. The domestic leisure segment is drawing more and more attention from the industry, with family vacation packages and wellness and rejuvenation holidays marketed extensively by hotels and travel companies, especially during the summer months when schools break for holidays and over long weekends and festivals. With respect to foreign leisure travellers, the average length of stay declined from 3.4 nights last year to 3.2 nights this year. Also, average spend witnessed a decline as reflected by the decreasing Foreign Leisure – FIT segment, typically a higher yielding market segment within Leisure demand.

2.10.3 Mix of Country of Origin of Guests

The United Kingdom and the United States of America remain the largest international source markets for the Indian hospitality sector, contributing 24per cent of the overall demand. Although these countries continue to contribute the biggest portion in percentage terms, their share has declined by 14per cent since 2007/08. While this trend is expected to continue in the future, the demand from the SAARC nations and Middle Eastern countries has grown steadily. Hotel guests from countries such as China and Japan have also shown healthy increases over last year (8per cent each). The rise in visitation from Asia and Middle Eastern regions may be attributed to improved connectivity, easier visa norms, infrastructure development, and strong marketing efforts.

2.10.4 Increasing use of Internet

Internet is increasingly becoming an important medium for communication, generating reservations, and marketing across hotel categories. Nearly 95per cent of the hotels participating in the HVS 2012 survey have reported to using e-mails for communications. At the property level, while direct enquiries continue to contribute the maximum share of reservations, online sources such the global distribution systems, hotel websites, online travel agencies and other online reservations systems are slowly gaining share. Presence on online channels enhances a property's visibility and reach, two vital components required to generate business in a highly competitive environment. Within online marketing, hotel managers are beginning to use tools such as search engine optimisation, pay per click, mobile website marketing, social marketing, and viral marketing. Moreover, having a dedicated online marketing team either at the property level or chain level that focuses on reputation management, adoption of multi channel initiatives and website analytics is a rising trend within the Indian hospitality industry.

2.10.5 Sustainable Operations

2012 HVS survey reveals an overall increase of approximately 9per cent in energy costs on a PAR basis as compared to the previous year. Given the increasing demand and cost of electricity and the rapidly declining water table levels, it has become essential for hotels to invest in environmental sustainability. The impact of increasing demand for electricity can result in non-fiscal consequences as well, such as mandatory reduction in power consumption stipulated by local electricity boards, or the simple non-availability of fresh potable water. Adopting "Green Practices" have been proven to lower operating costs, resulting in improved GOP margins by 1-3per cent Sustainability Services through their investment grade audits. This vertical of HVS provides a range of business-driven consulting services that enable hospitality firms to identify utility cost savings opportunities, enhance operational efficiency, and demonstrate positive commitment to the environment to guests, investors and other relevant stakeholders.

2.11 Future Trends

According to the study “2012 Hotels in India Trends & Opportunities”, conducted and published by Hotel Valuation Service (HVS) Research, by Kaushik Vardharajan Managing Director - HVS Hospitality Services and Yashaas Rajan Consulting & Valuation Analyst, the analysis of hotel performance data for the past 17 years reveals that except for 2008/09, room night demand decline is not seen in the country, and any declines in occupancy levels have been a result of supply increasing faster than demand. It is therefore very important to track future supply when projecting future performance for any market. Current analysis reveals that unlike previous cycles where significant number of hotel rooms entered the markets in very short periods of time, future supply is now more evenly spread out and should have a less detrimental impact on marketwide occupancy levels.

Another trend observed will become more relevant in the future is the nature of capital that is now flowing into the Indian hospitality industry. Historically, while a majority of hotel development was funded either by high net-worth individuals or real estate firms, now increasingly seeing institutional players invest in the hospitality space, especially in the budget and mid market space. Investment by such players brings with it a disciplined approach to the process, with any investment based on thorough market research and due diligence, generally ensuring that unfeasible projects are not developed on a whim and that new supply is not added to markets indiscriminately. Such an approach will ensure that any development is purely based on Return On Investment (ROI) instead of Return On Ego (ROE) and also inspire confidence amongst lenders and other stakeholders. While institutional investors are very focused on maximising operational margins, they are just as committed to development costs of the hotels they build. As part of their drive to reduce input costs, investors are questioning the brand standards dictated by hotel companies and the relevance or requirements for some of them. As the industry matures and hotel investors continue to become more knowledgeable savvy, hotel brands can no longer simply mandate such requirements, unless they can prove to owners that the additional costs incurred will lead to greater returns. As the industry heads towards critical mass, hotels will now have to be designed to meet the actual requirements of guests and not be based solely on a brand's wish list. For the past couple of years, HVS has been highlighting the changing nature of ownership in the hospitality industry and predicting a new phase where more hotels are bought and sold in the marketplace. The industry is heading into a consolidation phase that will play itself out over the next 12-24 months. HVS Research continues to believe that there are significant opportunities across hotel positioning in the MICE segment. While they wait for the development of full-fledged convention centres across various cities, hotel developers are increasingly taking matters into their own hands and building hotels with extensive meeting and conference facilities. The ITC Grand Chola in Chennai and the Sheraton and Vivanta by Taj in Bengaluru are some examples of this phenomenon. There is need for meeting and conferencing facilities across Tier 1 and Tier 2 cities and investors should look into the potential of this segment in their respective markets and capitalise on the opportunity.

2.12 Opportunities

An interesting development is currently unfolding for Indian tourist destinations; there is a buyer-pressure for India, which is building. With the recent troubles in the Middle East, countries like Egypt, Syria, Lebanon and Jordan that used to attract a fair number of western tourists and also Russians tour groups, are no longer seen as safe destinations for tourism. Thus, these large tour operators are looking for alternate destinations and India possibly could be a beneficiary but for its lack of adequate tourism infrastructure. The basic problem is that hot spots like Goa simply do not have enough capacity to absorb these tourists, as it is about a few million tourists that need to be accommodated in a single season. While this may be a temporary phase there is an opportunity to convert this demand into a stable source of business for hotels and make it a long term trend. Unfortunately, another factor that goes against India is the high cost of air travel within the country on account of very high fuel costs which today account for 50per cent or more of the operating cost of airlines. In fact if there was one single factor that can continue to adversely impact hotel occupancies in India it would be the high cost of air travel. It is forcing Indians to stop travelling within India and explore cheaper options outside of the country. Even business travel within India is down as airfares have gone up by nearly 100per cent in the past 12 months.

Traditionally, Goa has been the favourite hot spot for leisure tourism in India. However, a heartening development has been the emergence of Kashmir as a destination for local tourists. Two hotel chains – Vivanta by Taj and Lalit have opened hotels and they are both exceeding market expectations.

In times to come, more people will consider developing hotel products in Kashmir as it has tremendous potential and will also help bring normalcy back to the region. In the south in

Kerala, Bekal is becoming a new hot destination. Two new hotels, again Vivanta by Taj and the Lalit, are providing a unique new holiday experience to guest travellers. Developing good upscale hotels in new leisure locations is a growing trend and will help to expand tourism into India.

2.13 Sustainability Strategy

Sustainability is defined as the ability "to meet the needs of the present, without compromising the ability of future generations to meet their needs." (WCED 1987. Our common future. Oxford: Oxford University Press.)

For the hospitality industry, managing the infrastructure of buildings, facilities, and equipment is critical to the operational success of the hotel. At the same time, the hotel must comply with strict quality and safety guidelines, along with the many service-level standards to meet the needs of their most valuable assets—their guests. Hotels focus on top-line growth for revenue management, distribution strategies, and creating profitability via customer loyalty. Sustainability, on the other hand, is intrinsically difficult to quantify. Sustainability typically touches nearly all aspects of hotel enterprise ownership and management, necessitating the alignment of environmental, social, and financial factors to promote responsible business operations over time. Despite the lack of clear, universally accepted metrics, there is a noticeable shift toward sustainability, with momentum demonstrated by a growing number of sustainability programs and initiatives that have arisen both internally in the hospitality industry (via hotel owners, managers, and operators) and externally in the environmental community.

Hotels, over the years, have felt the requirement of supplementing accommodation revenues with enhanced revenues from departments like F&B. The benchmark for rooms to F&B split of revenues in hotels stands at 55:38 (HVS - Indian Hotel Industry Survey 2011-2012). In recent years, the F&B contribution to the overall revenue has increased considerably, and this is primarily because hotel chains have focused on their offerings with renewed interest, culminating in interesting cuisines, designs, and concepts.

Hotels and Restaurants by themselves are eventually poised to become destinations in themselves, with the ambience, designs, atmosphere and cuisines playing equally important roles in supplementing revenues. Focus on local cuisines as a concept is being embraced by the F&B community in India. This is practiced extensively in the West where it is part of a broader sustainability movement that believes in maximising benefits to cultural heritage through elements of using the local art, architecture, and food in the business.

Overall, hotels have realised the importance of creating interesting F&B cuisines, concepts, and designs and have resorted to designers to create areas that complement the elaborate food offerings which creates an experience leaving a lasting impression that acts as a product differentiator. This paves way for the application of Experiential marketing which has evolved as a response to a perceived transition from a service economy to one personified by the experiences.

Contemporary customers are as likely to be driven by thrift as to they are to be hedonistic, they use consumption to make statements about themselves, they use consumption to create their identities and they develop a sense of belonging through consumption. For many people it is through consumption that relationships are formed, for example, colleagues enjoying a drink after work or children hosting their birthday parties at McDonalds, enabling them to define their circle of friends. Consumption also plays a part in finding fulfilment, developing creativity and expressing their individual abilities. Clearly such a complex phenomena cannot be easily understood.

In a new age, with new customers there is a need to shift away from a features-and-benefits approach, as advocated by traditional approaches to customer experiences. Traditional marketing provided a valuable set of strategies, implementation tools and methodologies that tourism and hospitality firms could use in an earlier age. As Schmitt (1999, p. 55) argued "traditional marketing was developed in response to the industrial age, not the information, branding and communications revolution as faced today".

Therefore, there is a need to consider new concepts and approaches which capitalise on the opportunities offered by these new customers. One such approach is Experiential Marketing; an approach which in contrast to the rational features-and-benefits view of customers, takes a more postmodern orientation and views them as emotional beings, concerned with achieving pleasurable experiences.

Experiential Marketing is about taking the essence of a product and amplifying it into a set of tangible, physical, interactive experiences which reinforce the offer. Rather than seeing the offer in a traditional manner, through advertising media such as commercials, print or electronic messaging, customers “feel” it by being part of it. Experiential Marketing is a growing trend worldwide, with enthusiasts reported in all sectors of the global economy, from customer products such as Ford Motor Company (Kerwin, 2004) to health care providers such as the North Hawaii Community Hospital (Hill, 2003). As Schmitt (1999, p. 53) states “experiential marketing is everywhere”.

Experiential marketing attempts to evoke a strong emotional (cognitive) response and tangibilize services (Goldkuhl and Styven, 2007), with the use of sensory technique (Shukla, 2007). Customers get more emotionally driven due to experiential marketing methods involving senses. The ultimate goal of experiential marketing is to create holistic experiences that integrate individual experiences by engaging all human senses in all dimensions. Soars (2009) explained that sensory stimuli could influence environments, improve the shopper experience and change the nature of behaviour in ways beyond consciousness. In addition, Lindstrom (2005) mentioned that sensory branding is an emerging business discipline that applies analytical techniques to amalgamate the use of sensory stimuli such as scent, sound and texture in order to develop strong brands, and if the customer’s senses are more involved, it more strongly connects with the brand.

Thus to conclude, this chapter gives a global and an Indian overview of the hospitality industry, its growth and challenges. Towards the end, the chapter discusses experiential marketing as a part of sustainability strategy which evokes a strong emotional response with the use of sensory technique. Thereby, laying foundation for multisensory as a futuristic marketing strategy, to be dealt in the next chapter.

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CHAPTER – III
MULTISENSORY MARKETING - EMERGENCE AND APPLICATIONS

3 Introduction

Due to environmental dynamism and competition, the struggle for survival and succeeding in the business has become more difficult and challenging especially in an age when the customer has so many choices—too many choices and suffering loss of a valued customer to a competitor can have significant consequence on profitability and growth. Hence, firms and business sectors have shifted their focus from customer acquisition to customer retention, from transaction and exchange to relationships (Sheth & Parvatiyar, 1995a, Gronroos, 2008). In such a process today many companies are focusing and directing their energies and efforts toward satisfying the customer. The customers today want to enjoy their purchases through an experience that is engaging and memorable (Pine and Gilmore, 2000; 2008).

Customer satisfaction is guesstimated to be one of the most significant criteria for customer loyalty (Heskett et al., 1994). Increasing customer satisfaction has emerged as the main point of convergence for many firms to enhance recurring business and benefit from positive word-of-mouth, thus increasing long-term profitability. Customers do no longer want to be served in a standardized way (Sheth and Parvatiyar, 1995b), instead they are interested in personal service, products and brands appealing to their individual style and identity, creating an experience through the human senses (Hultén et al. 2008). Therefore markets need to undergone a significant change, from selling and promoting products and services, to selling and enticing customers through experiences.

Marketing and external communications helps build the brand, but nothing is more powerful than the customers' actual experiences with the service, where brand-related stimulus evokes “sensations, feelings, cognitions and behavioural responses” (Brakus et al. 2009, p. 52). This experience often includes the physical environment with environmental cues of lighting, colour and music, which have all been shown to have a great impact on customers, evoking emotional responses that affects the customer's behaviour (Bitner, 1992; Hoffman and Turley, 2002; Gronroos, 2008). In addition, it has also been recognized by Hultén et al. (2008) that customers today want to be enticed by emotional elements where relationships can be created, making it vital to understand the components of emotional character that attracts and affect the behaviour of customers, influencing their perception (Martin, 2008; Zeithaml et al. 2009).

While there is existing research on the human senses in the field of customer behaviour, there is a need to consider how multi-sensory interactions can affect customers' consumption behaviour (Peck and Childers, 2008).

3.1Transactional Marketing

"Transactional marketing highly focuses on maximizing the profit for the company by recruiting more and more customers to purchase the firm's product and not building much of relationship with them" (M. W. Vilcox, T. O. Mohan, 2007, Pg 53)

Transactional marketing descends from the 1950s, where the so called functional school made an entrance into the field of marketing with a clear focus on making a profit (Vargo and Lusch, 2004). Stemming from microeconomics it is agreed by Harker and Egan (2006) that transactional marketing originates from the 1950s and more specifically from the very specific business environment of the customer goods marketing in North America.

As a result of the rapid economic development in the western countries, following the industrial revolution, this time was characterized by a focus on mass production of standardized customer goods (Gummesson, 2002), where the products went through a large number of supply channels before reaching the end customer (Godson, 2009). This is supported by Gummesson (2008) who states that the industrial era is known for the mass production of standardized goods, which gave birth to mass distribution and mass marketing. Sharma and Pillai (2003) further acknowledge that the transactional orientation has a focus on exchange, and Auruskevieciene et al. (2007) states that transactional marketing often deals with isolated transactions.

In accordance with the reasoning of Rodrigues et al. (2011) transactional marketing is based on the assumption that customers in a mass market have average needs where the main focus is to attract new customers, generating single transactions and short term exchanges between the passive buyer and the active seller. Donaldson and O'Toole (2002) argue that a transactional marketing approach means that a joint involvement between the company and its customers is neither desirable nor necessary and further state that transactional marketing is coloured by a one-way communication (ibid.), where Gummesson (2008) underlines that the seller or buyer do not get sentimental or have any interest in a feeling of commitment. Gummesson (2008) further his reasoning by explaining that it is about offering standardized goods or products at the lowest price where it can be delivered within a specific time frame reaching a specific level of quality.

With a primary focus on exchange, decisions have been made based on the marketing mix, also known as the 4Ps (price, product, place, promotion) (Vargo and Lusch, 2004). Hultman and Shaw (2003) argue that literature long has revealed that the marketing mix has been at core and therefore described as the school preferred in the field of marketing. This is emphasized by Harker and Egan (2006) that states that traditional marketing, since the 1960s, have been very strongly associated with the marketing mix management where the 4Ps have been at core.

Being a dominant field since the 1950s, transactional marketing started to lose its ground as a consequence of globalization and the recognition that customers and the relationship was of importance (Gronroos, 1994). This created a critique where the focus on the 4Ps were viewed as insufficient and was criticized of being hard to apply outside its original context (Harker and Egan, 2006). With this critique came the view that mass marketing simply was not as efficient and profitable as it once was, since many markets had become saturated where the supply of products often was larger than the demand (Gronroos, 2008). In connection to this, it also came to the companies' attention that it was becoming harder to get new customers, making it much more important to work hard on maintaining already existing relationships (ibid.).

Marketing thus, is entering an era when tested ideas and concepts are being reconsidered. The traditional mass markets are slowly disappearing and are being replaced by fragmented markets with numerous segments, where individualization and tailor-made products are key. The possibilities with services are not alike; companies must acclimatize with new marketing strategies to be able to sustain in business. When the services are "invisible", the firm must build a promise and make the clients feel secure. These mutual relations become important, and help the firm to focus on the client's needs instead of the firm's own interests.

Table 3.0 From Mass and Relationship to Sensory Marketing

	Mass marketing	Relationship marketing	Sensory marketing
Marketing	Goods logic	Service logic	Experience logic
	Exchange perspective	Relationship perspective	Brand perspective
	Transactional marketing	Relational marketing	Sensorial marketing
Strategic marketing	Product focus	Customer focus	Sense focus
	Customer acquisition	Customer retention	Customer treatment
	Transactional strategies	Relational strategies	Sensorial strategies
Tactical marketing	Persuasion and promotion	Interaction and interplay	Dialogue and online interactivity
	One-way communication	Two-way communication	Multidimensional communication
	Production technology	Information technology	Digital technology

Source: Developed from B. Hultén, N. Broweus, and M. van Dijk, *Sinnesmarknadsföring* (Malmö: Liber AB, 2008).

3.2Relationship Marketing

Gronroos defines relationship marketing in the following way: "Marketing is to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfilment of promises" (16, p. 138). Such relationships are usually but not necessarily always long term.

Relationship marketing (RM) marks a significant paradigm shift in marketing, a movement from thinking solely in terms of competition and conflict toward thinking in terms of mutual interdependence and cooperation. It recognizes the importance of various parties—suppliers, employees, distributors, dealers, retailers—cooperating to deliver the best value to the target customers. Here are the main characteristics of relationship marketing:

- It focuses on partners and customers rather than on the company's products.
- It puts more emphasis on customer retention and growth than on customer acquisition.
- It relies on cross-functional teams rather than on departmental-level work.
- It relies more on listening and learning than on talking.

Contemporary approach in marketing is relationship marketing which focuses on – the customer, the business marketing or industrial marketing with focus on an organization or institution and the social marketing with its focus on benefits to the society. This approach attempts to perfect the segmentation strategies employed by the traditional marketing. This enables targeting the market more precisely, and this is at times labelled personalized marketing or one-to-one marketing. The culture in the contemporary society is progressively becoming more individualized and experience-based, with copious comparable brands, manufactured goods and services. This is a welcoming initiation towards a fresh marketing epoch. The functional attributes or the product features are not enough to fascinate, sustain the customer's interest, and persuade the customers buying behaviour or to retain the customers.

During the 1980's and 1990's relationships was highlighted as an important ingredient in developing an effective marketing (Sharma and Pillai, 2003). Relationship marketing is based on relationships and the interactions between a buyer and seller who are both active and adaptive (Rodrigues et al, 2011) and according to Li and Nicholls (2000) been referred to as a new marketing paradigm. The relationship marketing not only aims at attracting new customers, but that there is a need and focus on enhancing the relationship with the already existing customer (ibid.). Brodie et al. (1997) emphasizes this reasoning and underlines that it descends from a service context where the relationship and interaction is at core. Customers are therefore no longer viewed to be passive where one purchase or transaction is made; instead they are viewed as active co-producers that are active throughout the process of the value and service chain (Vargo and Lusch, 2004).

With a major focus on transactions and exchanges during the last century, the perspective of marketing shifted and relationship marketing became a concept that was generally accepted (Sheth & Parvatiyar, 1995; Gronroos 2008). One of the reasons that relationship marketing gained more attention was that most economies, if not all, were both producing and exchanging more services than goods (Vargo and Lusch, 2008). Supported by Hultman and Shaw (2003) it is argued that relationship marketing stems from the fact that the service sector industry came to be dominant.

Despite many different definitions of relationship marketing, they have one thing in common, and that is the companies of today are recognizing the need to compete through the creation and development of long-term relationships (Hunt, 1997). Wilson et al. (2008) argues that more demanding customers along with fast evolving technology and worldwide competition makes it very difficult for companies to gain competitiveness with just a physical product, and firms must instead compete with a total service solution in order to suit individual needs and preferences. The concept of relationship marketing is therefore not mainly about attracting new customers but to create valuable relationships which are mutually beneficial, as a means to retain the customers with the company and grow their business over time (Christopher et al. 2002, Gordon, 1998).

It is explained by Aijo (1996) that one of the reasons for the increased attention and recognized importance for close relationships between provider and customer is that the customers have been identified as an essential part of the marketing and delivery process. Bennett (1996) also stated that the purpose of relationship marketing is to create a long-term relationship that provides customers with trustful, committed and also co-operative relationships.

Contrary to transactional marketing, relationship marketing is about creating loyalty, where firms want the relationships to last long-term (Gummesson, 2008). These long lasting relationships should also be characterized by an authentic concern about constantly delivering both goods and services that are of high quality as well as the willingness to sacrifice the ability to achieve short-term advantage when a long-term advantage can be made (Bennett, 1996).

3.3Contemporary Marketing

Development in information and communication technologies within the globalization concerns, causes strategic importance of competition. So, to be successful in today's competitive world, firms concentrated on competitive superiority gained by using information. Increase in usage of information, number of competitors and changes in customer needs and wants, make the firms to adopt customer oriented marketing concepts instead of traditional marketing concepts. Because of those changes traditional marketing concepts which focus on main characteristics of the good, customer needs and situation of competitors replace its place to new marketing concepts which focus on the information, brand, communication and experience.

3.3.1 Experiential Marketing

Smilansky (2009) defines experiential marketing as a "process of identifying and satisfying customer needs and aspirations profitably, engaging them though two-way communications that bring brand personalities to life and add value to the target audience". Experiential marketing helps to create experience and emotions to the customers. Experiential Marketing Association (2011) stated that experiential marketing "allows customers to engage and interact with brands, products and services in sensory ways". According to you-Ming (2010), experiential marketing is a "communication method, which mainly raises customers' physical and emotional feeling". Hauser describes experiential marketing as a holistic approach to the customer/brand relationship.

Experiential marketing is a part of the contemporary marketing approach, it integrates the elements of emotions, logic and general thought processes to bond with the customers. Experiential marketing aims to establish an association with the customers so that they respond to the product offerings, on the bases of both emotional and rational response levels.

The concept of experiential marketing, was introduced in the work of Pine and Gilmore on experience economy (1997) and Schmitt on experiential marketing (1999), and has gained significant traction, both among marketing academics and among practitioners (Pine and Gilmore, 1999; Schmitt, 2003). Experiential marketing is said to occur 'when a company intentionally uses services as the stage and goods as props to engage individual customers in a way that creates a memorable event' (Pine and Gilmore, 1997, p. 98). One of the major benefits said to accrue from a well executed experiential marketing strategy is an increase in profit margins: companies that offer experiences – as opposed to mere products or services – the argument goes on to state that firms are able to charge a higher premium for their offerings because customers are willing to pay the higher prices. The case of Starbucks (Pine and Gilmore, 1999, p. 2;) and Volkswagen Beetle (for example, Schmitt, 1999, p. 214) are often publicized as exemplifying how a well executed experiential marketing strategy can bear significant rewards. In Schmitt's (1999) conceptualization, the sense elements i.e. sight, sound, taste, touch and smell are considered the bedrock upon which experiential (emotional, cognitive and relational) appeals rest.

Experiential marketing is an integrated methodology and a process of identifying and satisfying customer needs and aspirations profitably, by always engaging target audiences at their will through brand-relevant communications that add value and bring brand personalities to life. Thus to say, experiential marketing campaign is built around one big idea that should involve two-way communication between the brand and the target audience in real time, featuring a live brand experience at its core.

3.3.2 Experiential Marketing: A Differentiator

In the business world, commoditization is a process where unique brands and products compete. As a result, standards are raised and equalized, forcing brands into undifferentiated price competition. In the early days of marketing and advertising, companies used to focus on differentiation based on the product features and benefits. As competition forced rival brands to create competitive products, price wars began lowering the cost of products and driving customers to make cost-based purchase decisions. Thanks to innovators in the mid-20th century such as Ogilvy, advertising was revolutionized and brands evolved, taking on unique personalities. Through customer-focused marketing communications, they encouraged customers to aspire to a lifestyle that the brand represented. Thus began the shift from a product-focused era to the customer-focused, brand and lifestyle inspired advertising era. This marked a shift from a rational message to an emotional message, or a combination of both.

As competitive brands were positioned similarly to each other, and differentiation became difficult again, customers started to demand more. Successful companies realized that high-quality service was an excellent way to add value and differentiate from their competitors. As time went on, Lifestyle branding and differentiation through service became the norm. Again, once there are no clear points of differentiation, price becomes a primary differentiating factor.

The growing popularity during the late 20th century of relationship marketing, which focuses on long-term relationships with customers and customer retention, saw a rise in the investment in CRM (Customer Relationship Management) programmes that aim to drive customer loyalty through frequent communication and reward programmes.

The next level of thinking on the subject of maintaining customer loyalty is CEM (Customer Experience Management), defined as 'the process of strategically managing a customer's entire experience with a product or a company'. CEM is at the frontier of successful loyalty-driven programmes, taking companies into an era where the primary and most valuable way they can differentiate themselves is through a brand immersive experience at every customer touch point. Successful CEM programmes build the customer's experience with an organization, ensuring that every step of his or her journey is brand relevant, differentiated and positive.

Experiential marketing allows brands to engage with their target audiences through initiatives and engagements that aim to achieve marketing communication objectives, and add value to customers lives. When CEM is partnered with experiential marketing (the innovative methodology that facilitates positive brand-relevant two-way communications with target audiences); astonishing business results can be achieved and through experiential marketing campaigns, organizations can successfully convert customers into brand advocates.

Experience is the new currency of the modern marketing landscape, because experiences are life, and people talk about experiences every day. Some companies have implemented experiential marketing strategies for years and confidently differentiated themselves from the competition, forming long-lasting relationships with their target audience and maintaining customer loyalty. They have tantalized the five senses through live brand experience events, and amplified that through their other marketing communication channels. This process adds value to the customer, and gives something back, paving the way for innovating, market-leading brands.

Jack Morton Worldwide has found that 75 per cent of marketers surveyed in the United States, the United Kingdom, Europe, China and Australia planned to spend more on experiential marketing in 2008 than in previous years. Half of the 75 per cent planned to spend between 5 and 10 per cent more than previously, 12 per cent said they would increase their spend by 11–25 per cent and almost one in 10 said they would increase their spend by over 25 per cent. The Jack Morton global survey spoke to almost 300 senior marketers and revealed the level of trust that marketers are placing in experiential marketing: 70 per cent said that experiential marketing is extremely or very important to their organization and 71 per cent reported that experiential marketing will become increasingly important in that years to come. Ninety-three per cent of the respondents agreed that experiential marketing generates advocacy on word-of-mouth recommendations and 92 per cent agreed that experiential marketing builds both brand awareness and brand relationships; 77 per cent also stated that it generates sales. The emotional connection that can be reached through brand-relevant experiences transcends the selling points of the product, its features and benefits.

Personal experiences facilitate people to bond to a brand and enables intelligent and informed purchasing decisions. Since experiential marketing bonds with the customers at copious points, it perfectly suits the contemporary sales and marketing strategies. When done appropriately, it's the most prevailing tool to win brand loyalty.

3.4 Sensory Marketing

Continuing the evolution of the field of marketing, it has been proposed by Hultén et al (2008) that marketing should have its point of departure in customers experience through the human senses, which is referred to as sensory marketing. Krishna (2010) explains that there is a need to understand and highlight the fact that products are of sensual nature, where the customers need to be affected through their senses – sight, taste, touch, sound and smell.

Marketing as a field is constantly under influence by different societal, political, economical and cultural influences (Hultén et al. 2008). Toffler and Toffler (1995) argue that the world is currently in the process of a major societal shift, where the previous two shifts refer to the agricultural revolution and the industrial revolution. Hultén et al (2008) emphasize that the present post-modernization of society represent this current societal shift, referred to as the third wave. This wave is characterized by a cultural change where modern values are questioned and replaced by post-modern values concerning economy, family, politics and so forth (Toffler and Toffler, 1995; Hultén et al. 2008).

As an important part of the post-modernistic society it has been recognized that fragmentation is important for the creation of experiences but also that the customers themselves have received a central role (Goulding, 2003; Simmons, 2008). Sheth and Parvatiyar (1995b) support this reasoning and argue that customers today do not want to be served in a standardized way. Customers are therefore interested in products, services and brands that appeal to their individual style and identity (Gronroos, 2008; Hultén et al. 2008).

The importance of creating an experience through "a steady flow of fantasies, feelings and fun" was recognized early where the fact that customers want emotional responses, aesthetic enjoyment and sensory pleasures was emphasized (Holbrook and Hirschman, 1982).

Sensory marketing is a component of experiential marketing. It uses the customer's experiences lived and feelings in this course. These experiences are not only functional in dimension but also sensorial, emotional, cognitive, behavioural and relational. According to this strategy the customer behaves according to their impulses and emotions, more than their reasoning. As reported by Rieunier (2002), "the sensory marketing approach tries to fill in the deficiencies of the 'traditional marketing' which is too rational". Often used in brand-development and tactical marketing efforts, multi-sensory marketing goes beyond just sight and sound (the typical marketing focuses) to create experiences that can be touched, heard, seen, felt, tasted and smelt. Synchronic studies in marketing propose that sensory stimulus, as colour, lighting effects, backdrop music, ambient scents or upholstery's texture, affects the customers' evaluation of the milieu, the wares presented, and affect customers' behaviour (e.g., approximate amount spent, time spent at a store).

Customer is frequently fascinated towards a brand based on its sensory experience. In toto, the unexpurgated world is experienced through multiple senses. (Lindstrom and Kotler, 2005) As reported by Kahn Consulting sensory marketing is the purposeful design and deployment of the interaction between the senses in order to stimulate a customer's relationship with a brand; and to foster a lasting emotional connection that optimizes brand loyalty. The sensory and multisensory marketing approaches have come to stay, very few studies are available regarding the reciprocal effect of backdrop music and ambience scent, both of the senses display that the congruity of sensory stimulus is imperative in stirring up positive customer reactions. Lately the marketers have commenced to theorize the multi-sensory customer experience in the hospitality industry. However, experiential literature sustaining the sensory academic motion is inadequate.

Human senses link human memory to the right emotions. Visual and Olfactory senses emerge to be the most influential of all the senses. Multisensory marketing involves several human senses in the marketing process.

Based on the strategic experience model, Schmitt (1999) further divided the types of experiential marketing into five dimensions: Sense Experience, Feel Experience, Think Experience, Act Experience and Relate Experience. Sensory marketing approach tries to fill in the deficiencies of the "traditional marketing" which is too rational (Rieunier, 2002)

The proposed research adds to the much needed literature on the multi-sensory customer experience in hospitality industry by exploring communications between multiple sensory modalities, like ambience smell, backdrop music, visual stimulus such as colour, lighting and accessibility of tactile information on Cuisines, Life style and Hospitality.

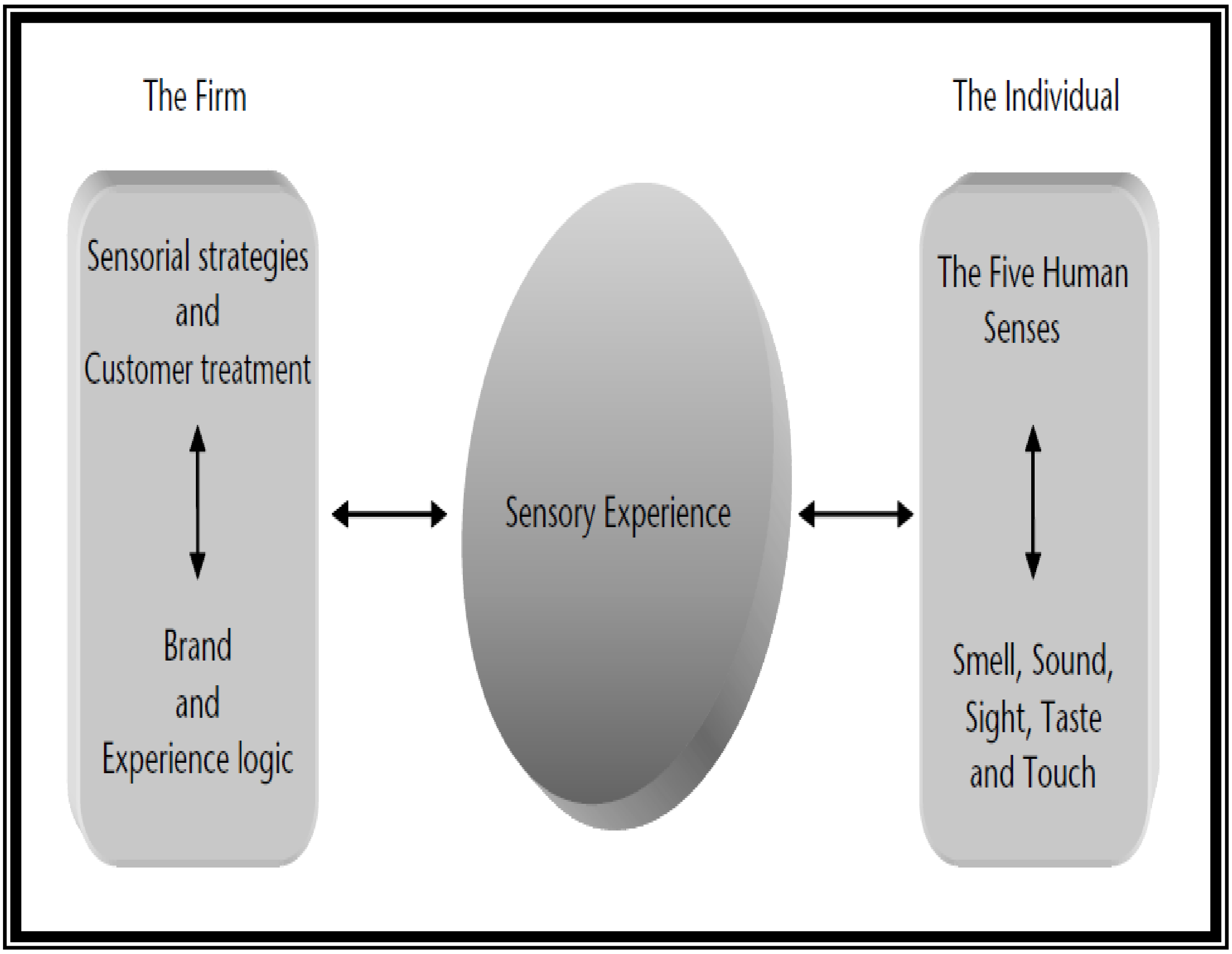
It is through the senses that every individual becomes conscious of and perceives firms, products, and brands. Because of this, further knowledge about the human senses could make a firm's marketing more successful and an individual's sensory experience more personalized.

Growing interest in sensory marketing among practitioners, consultants, and researchers means that all five human senses are today receiving increased attention. Sensory marketing is to be viewed strategically as a way to clarify a firm's identity and values with the long-term goal of creating brand awareness and establishing a sustainable brand image.

The present development of sensory marketing illustrates the emergence of a new epoch in marketing, one in which the five senses will be at the center of a firm's marketing strategy and tactics. For that reason it becomes more important for firms – whether they are selling traditional customer goods or a service – to affect and influence customers in new, provocative, imaginative ways in order to seize grab hold of the human senses.

Sensory marketing puts the human brain, with its five senses, at the center of marketing. It is in the brain of an individual that a brand registers and an image is created in terms of mental conceptions and imaginations. This image is a result of the experiences an individual has of a firm or a brand. Each individual has a subjective experience that is called "experience logic." This logic is individual and personal. It is a result of how the individual's five human senses perceive and interpret an experience, either singly or together.

Fig 3.0 Sensory Marketing

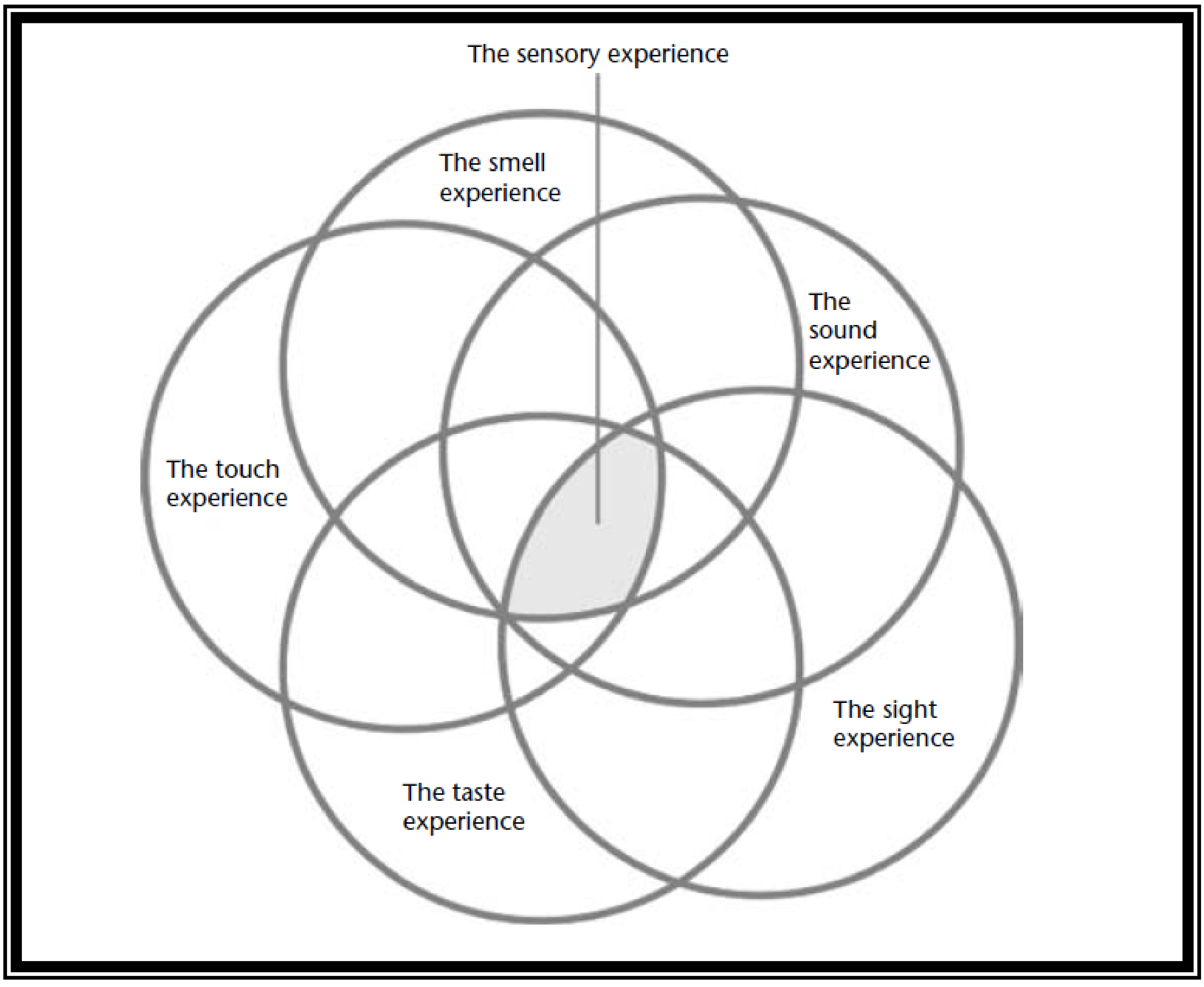


Source: B. Hultén, N. Broweus, and M. van Dijk, Sinnesmarknadsföring (Malmö: Liber AB, 2008).

3.5The Human Senses

The human senses have long been overlooked in the field of marketing, but have during the last decade received more and more attention, where it's meaning for customers experience and behaviour have been emphasized (Hultén et al. 2008; Hultén 2011a). Explained by Schmitt (1999) the purpose of using the human senses in marketing is to provide customers with excitement, satisfaction and pleasure, where the sensory experience is in focus. Each of the five human senses i.e. sight, smell, sound, touch and taste, contribute to an experience. Each of the five senses and all the sense together, also form the foundation of what is called the '**Sensory Experience'**. It is further stated by Hultén et al (2008) that the human senses needs to be understood as they are important elements in better understanding the consumption processes where individual behaviour and decision making are important factors.

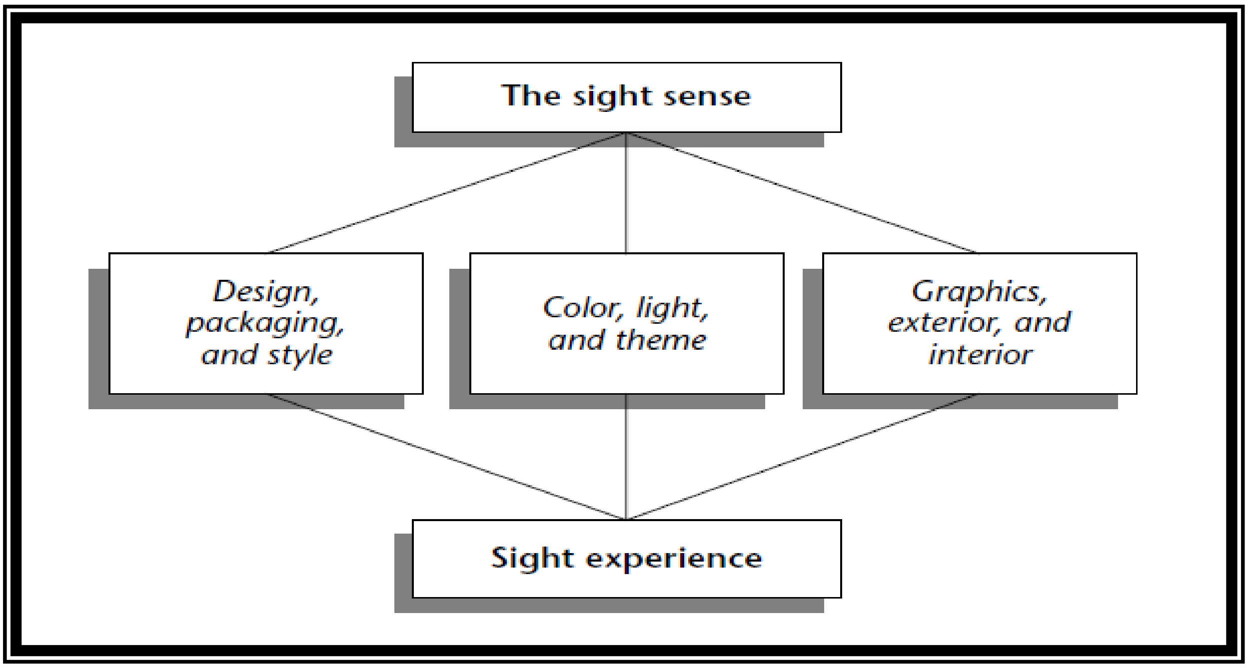
Fig 3.1 The Sensory Experience



Source: B. Hultén, N. Broweus, and M. van Dijk, Sinnesmarknadsföring (Malmö: Liber AB, 2008).

3.5.1 Visual Sense

Fig 3.2 Sense Expressions and the Sight Experience



Source: B. Hultén, N. Broweus, and M. van Dijk, Sinnesmarknadsföring, (Malmö: Liber AB, 2008).

We live in a visual based world (Lindgren and Nordstrom, 2009), where the sense of sight has been described as the most seductive and important sense which enables to understand the environment around (Valberg, 2005) and has the power to convince despite no logic (Lindstrom, 2005). Vision is not only regarded as the human's most significant sense but also the most dominant sensory system (Schiffman, 2001) where the customers more or less rely on visible and tangible cues that attract and draw attention (Ward et al.1992).

According to Henderson et al (2003), visual stimuli includes logos, names, packages, product design etc. and are regarded as a critical part that should be included in any strategy that concerns branding. The use of graphic information can make it easier for a product to stand out in the competitive clutter, having a positive impact on the customers' consideration of a possible purchase (Kahn and Deng, 2010).

Visual stimuli are of importance when verbal material is absent, creating a perception of quality which has a direct impact on the building of a strong brand (Henderson et al. 2003). Studies have also shown that the visuality of brands and other visual stimulus can affect customers in both a positive and a negative way without processing any other information (ibid.). Kahn and Deng (2010), state that graphic packaging can increase the aesthetic response toward a product. Messaris (1997) also emphasized that the sense of sight, beside the purpose of receiving attention, can evoke an emotional response towards a product and other things.

Vision plays a significant role in the perception of a brand and studies have established that a person who has been exposed to a product would prefer it over similar choices, even in cases when the person cannot actually remember seeing the product (Bornstein, 1987).

Lighting

Lighting is said to be of significant importance in creating the store environment (Summers and Hebert, 2001). Lights have been shown to affect us, where people have preferred a warmer and dimmer light instead of a cooler and whiter light that shines bright (Knez and Kers, 2000). This is agreed upon by Summers and Hebert (2001) who explains that the customers' behaviour are affected by the use of light where they spend more time at the display as different levels of lights are used. It is also emphasized that lighting not only draws attention to the products, but that a bright light can encourage customers to examine and touch the products more (Areni and Kim, 1994; Summer and Hebert, 2001; Quartier et al.2008).

Besides having a positive impact on customers' approach behaviour towards a product, there are also physical benefits, where a good choice of lighting can relieve tension on the eyes or even fasten up the process of noticing objects (Hsu, 2010). The lighting should be used to meet the customers' physical and psychological requirements in order to affect the perception of the atmospherics (ibid.). The use of lightening can transform an atmosphere at a point of purchase, and can easily be changed depending on the season (Gobé, 2001).

Colour

Apart from patterns of light, colour is also pointed out as being a very important element of vision that provides with a broad range of visual dimensions (Schiffman, 2001). It is through the colour that the sense of sight can detect the environment around, making it more intense where contrasts of colour can make an object stand out (ibid.). Gorn et al (1997) explain that peoples' feelings can be influenced by colour. The customers are also influenced by the visual stimuli of colour which can affect them in their manner to activate and evaluate the products (Babin et al. 2003). It is therefore important to consider the choice of colour closely so that not only attention is maximized, but also that feelings are evoked leading to favourable attitudes toward the brand (Gorn et al. 1997). Colour is often used in business settings to create a desired atmosphere with the attempt to influence the customers' buying mood in a positive way.

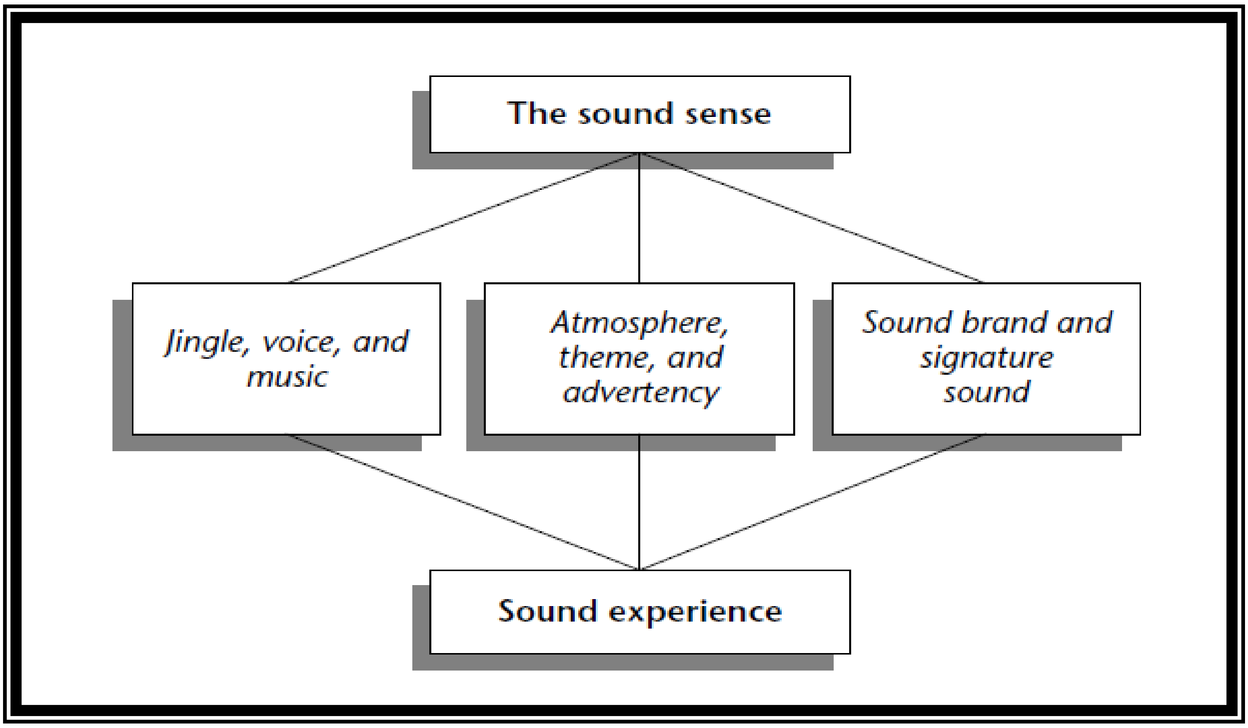
According to Greenleaf (2010) colour can become important when the marketing communication becomes too demanding, since it might be more demanding to process in comparison to colour. It is even argued that black and white can be beneficial to use in a world where advertising and marketing are using many colours, and that black and white can be less demanding to process than colour and black and white can be associated with elegance as well as artistic refinement (ibid.).

Colour is also making it possible for humans to detect different characteristics of the surface, including textures and patterns (Schiffman, 2001). Humans' perception of colour depends on how the light is reflected from the object to their eye, but it can also be influenced by their previous experiences, which can be referred to as memory colours (ibid.). Arnheim, (1997) stated that if something stands out visually it has a better chance of being recognized more easily by people, as they tend to notice simple things as distinct colours, signs, movements or shapes, where the sense of sight works selectively.

Colours are fundamental in the perception of a brand and are used to 'set the mood of a brand through logos and packaging' (Gobé, 2001 p. 79), as these attributes are still one of the major attention catchers implying that it is vital to select colours carefully. If colours are chosen correctly, they can be used strategically to reinforce and communicate the desired image of a brand (Gobé, 2001).

3.5.2 Auditory Sense

Fig 3.3 Sense Expressions and the Sound Experience



Source: B. Hultén, N. Broweus, and M. van Dijk, Sinnesmarknadsföring (Malmö: Liber AB, 2008).

The human sense of sound is vital for communication and learning, it is the second sense to be developed among the five senses (Montagu, 1986) and is the only sense that can provide warning signals from all possible directions (Lukács, 1993). The frequency of the human hearing is tremendous, with a range of more than nine octaves, topping the otherwise remarkable range of vision (Rossing et al. 2002).

Sound can be divided into wanted and unwanted sound, and Rossing et al (2002) explains that there are more to the world of sound in the environment than music – namely noise. The noise is stated to have an impact on communication as well as produce different psychological and physiological effects. Sound helps to generate mood by creating feelings and emotions. It has 'an immediate and, to a large extent, cognitively unmediated effect on recall and emotions' (Gobé, 2001, p.71) and can thus be used as a trigger for creating desired reactions when building an emotional attachment to a brand. Together with sight, sound is used as the traditional element in brand-building process (Lindstrom, 2005). The combination of these is referred to as audiovisual branding and it is the ground of marketing efforts for most of the businesses today.

The Sound of Music

Schiffman (2001) music is one type of sound that is integrated psychologically, providing people with intensive experiences of aesthetic pleasure. Sound influences the direction of visual attention. Orbach (1999) states that feelings are well connected to both the pursuit and the experience of music, where feelings evoked by music can include calmness, excitement, fear, satisfaction and sadness to mention a few.

Sound has long been used in the field of marketing (Hultén et al. 2008) and has been recognized as an important component that triggers and influences the customers' mood, behaviour and preferences (Bruner, 1990; Alpert et al. 2005). According to Kellaris and Kent (2001), music has the reputation to be the shorthand of emotions and have been used to evoke emotional responses in the customer. Music has been identified to play an important role in the lives of the customers in many different ways and contexts, wherein (Kellaris and Kent, 2001), music can touch and influence their mood and perception towards a specific product when played (Gorn et al. 1993).

As a result of the possibilities to affect business atmosphere and brand image through emotions, having an ambient sound at the point of purchase has during the last years become a must (Rieunier, 2009). Music is a powerful tool for evoking emotions, in effect, when listening to music endorphins are released, which generates sensations of pleasure (Gobé, 2001). Because of these positive feelings resulting from the endorphins using sound as an ambience enhancer can be a very powerful way to bond customers emotionally to a brand (Schmitt & Simonson, 1997). Music can be used to affect the buying behaviour of customers in desired direction (Rieunier, 2009) and can therefore be seen as a devise used for constructing brand identity (Gobé, 2001, p. 73). A study made on customers in a wine store showed that when French music was played 77% of the customers chose a French wine whereas when German music was played instead, the majority of the customers bought German wine. When the customers were questioned while leaving the wine store they were unaware of any effects of the influence from the music and the customers could not consciously link their buying behaviour to the music (North, Hargreaves & McKendrick, 1999).

Type of Music and Tempo

According to Grewal et al. (2003), different types of music can affect the customers in different ways. MacInnis and Park (1991) explains that there are three key elements that affects how a customer interprets or feels about music; first, it is how involved or interested the customer is, second, is the customers subjective perception of the music's appropriateness in relation to the advertising, and finally, third how the musical elements is organized. This is further supported by Hui et al. (1997) who states that the individuals preference in music will affect if the advertising has a positive influence on the customer or not, where Kellaris et al. (1993) underlines that the chosen music will have an impact on how the message is perceived or processed by the customer.

Companies need to be aware of the type of music they are playing, when used liked music they can aim to affect customers' overall evaluation of the store environment and the experience of it (Cameron et al. 2003). In connection to individual differences in musical preferences, it is important for companies to investigate what type of music their customers prefer (Areni and Kim, 1993). Classical music has been identified to have a positive effect on how the store atmospherics is evaluated (Grewal et al. 2003) and studies have shown that expensive products have increased in number of purchases when using classical music in the background (Areni and Kim, 1993).

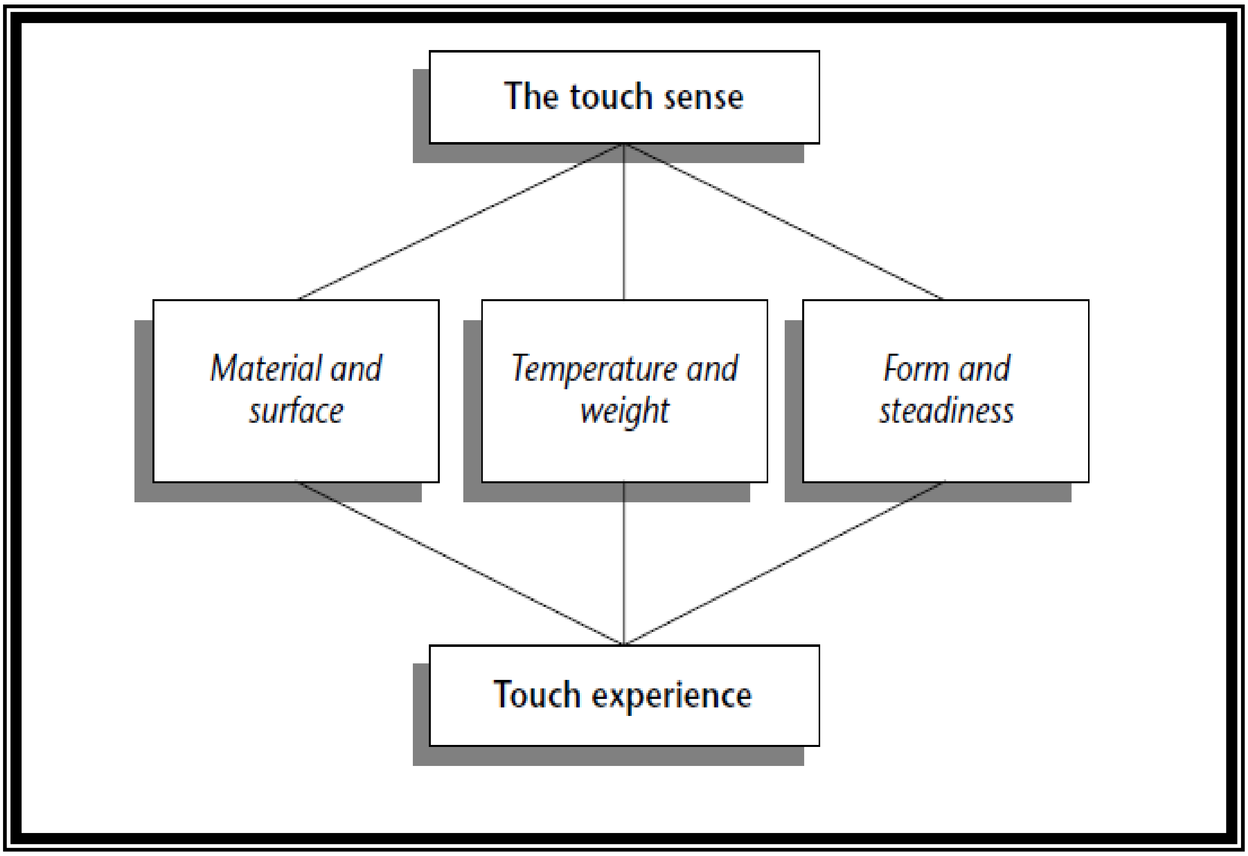
Moreover, studies have been performed where the tempo of the music has proved to be of importance (Gundlach, 1935; Wedin, 1972). Bruner (1990) states that fast tempo usually is recognized as happy and pleasant while music of slow tempo has been shown to provoke more sentimental feelings. It has also been shown that music interpreted as either pleasant or unpleasant will generate different responses usually resulting in a positive or negative mood (Gorn et al. 1993). Using the right type of music has been proven to reduce negative effects of waiting for service (Hui et al. 1997). Being more aware of these factors, companies are putting more effort on using background music that will provide their customers with a pleasant experience as well as an appropriate atmosphere (Dubé and Morin, 2001).

The Human Voice

According to Sonnenschein (2001) the voice includes all sounds that come from the mouth, for example: laugh, speech, cough, yawn to mention a few. This means that language need not always have to be heard, since the sound of the voice still makes it possible to make out and interpret the feeling of the message even though the meaning might be harder to grasp (ibid.). Different studies have revealed that the speech rate of a voice can have an impact on the customers in the way that it might enhance the persuasive power of the message (Peck and Childers, 2008; Dahl, 2010).

3.5.3 Tactile Sense

Fig 3.4 Sense Expressions and the Touch Experience



Source: B. Hultén, N. Broweus, and M. van Dijk, Sinnesmarknadsföring (Malmö: Liber AB, 2008)

The sense of touch is referred to as the most sensitive of human body's organs (Montagu, 1986) and is the very first of the five senses to be developed (Field, 2001). Covering all of the body, the human skin is the largest of the organs. Though all the areas of the skin respond to touch or pressure, the hands, the fingers, the area around the mouth and the tongue are the most sensitive (Ackerman, 1990; Schiffman, 2001; Hultén et al. 2008). With the use of fingers, which are highly sensible to tactile stimulation, the customers are able to explore the physical world around them (Birznieks, 2003).

However, relatively little marketing consideration has been given to this sense yet touching involves action to a greater degree than any other sense. In effect, touch enhances the brand experience for a costumer by adding sensory information of a brand such as the touch of opening the doors to a store, the feeling of walking on the floor or the sensation of touching an exclusive leather bag (Gobé, 2001).

The skin is not only important for the physical development of human beings, but also plays an important role for the behavioural development (Montagu, 1986). Rolls (1999) develops this reasoning by stating that touch can create a tactile stimulation that creates a rewarding feeling of pleasure which activates the brain, thus impacting feelings and behaviour. It can therefore be important to stimulate the skin in more profound ways, creating a more versatile surface that activates and stimulates the sense of touch connecting with the individual's feelings (Schiffman, 2001).

According to Gobé (2001) touching a product is a way of ensuring its quality and is consequently more important when faced to unfamiliar brands. The weight and material of the product are important factors in the sensory process. The texture of a material influences emotions hence the perception (Schmitt & Simonson, 1997). In effect, once touching a product the customers will find themselves more attached and more willing to buy it. Lindstrom (2005) suggests that the feeling of the brand is closely linked to the perception of the product quality. The weight of a product can reflect a certain level of quality; high technology companies make their products heavier to assure customers of a high level of luxury (Lindstrom, 2005). One way to include touch to a brand is the use of touch screens in the purchase process. This is increasing and can be seen in numerous point-of-purchases today. According to Gobé (2001) companies that include the touch aspect will have greater chances for creating superior customer satisfaction. Involving the customers in the purchasing process by touch strengthens the emotional connection to the brand.

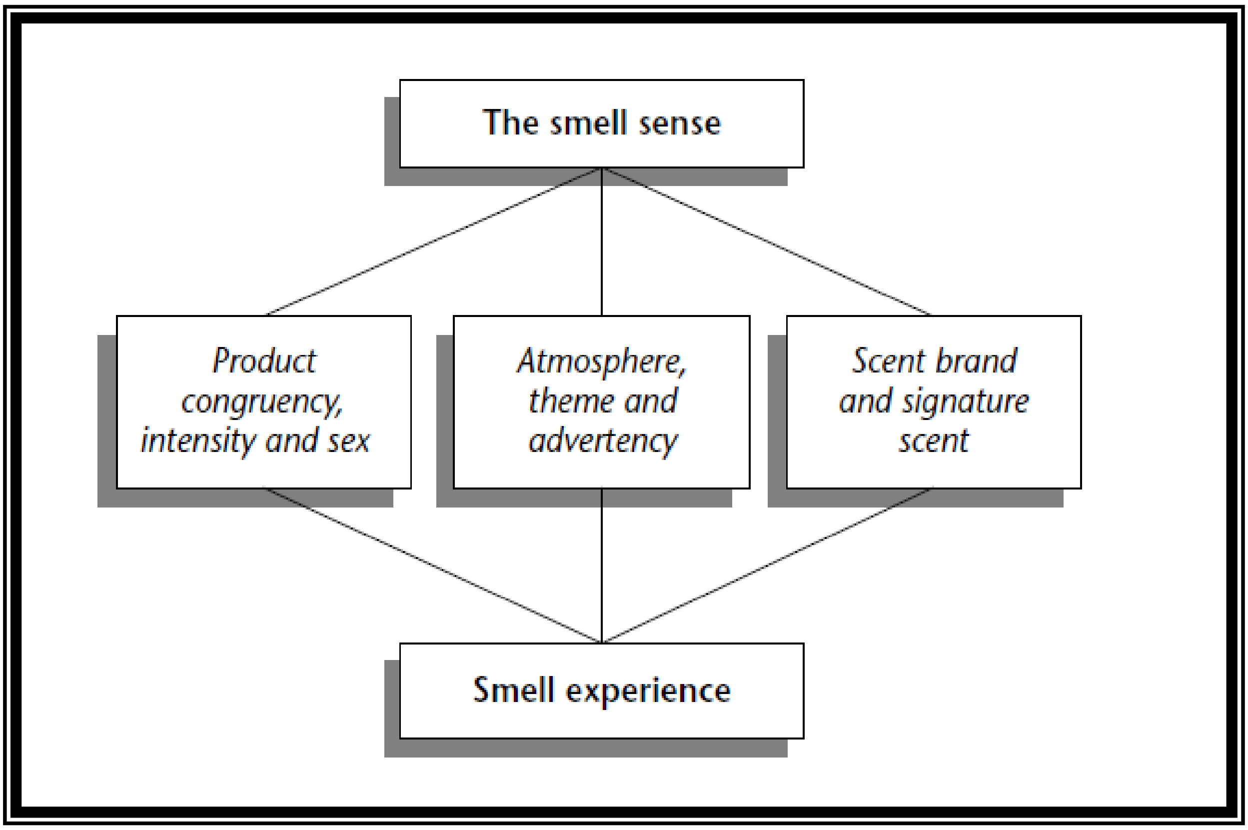
Touching Products

Customers have a need to physically interact with products (Citrin et al. 2003), where touching have been found to have a positive impact on customers' attitude as well as intention to purchase a product (Peck and Childers, 2003a). This is also underlined by McCabe and Nowlis (2003) who states that customers like to evaluate products and gather information about them and their properties by using their hands and fingers, i.e. the sense of touch. Being offered the opportunity to touch an object has been shown to create a feeling of ownership of the touched object (Peck and Shu, 2009), and Underhill (2009) states that customers are buying more products than ever before based on touch and trial. According to Lindstrom (2005), it is therefore becoming more important for companies to acknowledge the need to apply the aspect of touch to a brand, thinking about texture a specific brand has, or should incorporate. Grohmann et al (2007) emphasizes that tactile input will have a positive impact on the customer response as well as their perception of product quality.

The sense of touch has further been identified to have an influence on customers' impulse purchasing where the encouragement to physically interact with a product have been proven to be effective in regards to number of purchased products (Peck and Childers, 2006). People with a high Need for Touch (NFT) are more likely to be positively impacted by marketing that incorporates touch (Peck and Wiggins, 2006).

3.5.4 Olfactory Sense

Fig 3.5 Sense Expressions and the Smell Experience



Source: B. Hultén, N. Broweus, and M. van Dijk, Sinnesmarknadsföring (Malmö: Liber AB, 2008).

"You can close your eyes, cover your ears, refrain from touch, and reject taste, but smell is a part of the air we breathe." (Lindstrom, 2005, p.24) The sense of smell emotionally affects humans up to 75% more than any other sense. In 1932 Laird found a positive link between the perceived quality and the use of scent (Bone & Jantrania, 1992). The fact that smell is strongly linked to memory makes it a strategic tool for creating connections between the customers and the brand. Smell as a strategic branding tool, can be used to persuade and influence the unconscious thinking in order to influence the behaviour and the mood of the customers (Lorig & Schwartz, 1988). A brand specific odour is likely to evoke connections to the brand and strengthen the brand identity (Schmitt & Simonson, 1997).

According to Fox (2006), smell is closely linked to society and culture, which points out the cultural differences related to the perception of a smell. USA prefers sweeter scents, whereas, Scandinavians more prefer natural odours (A. Pasila, personal communication 2009). This shows the importance of adapting the smell to different target groups and finding a congruent scent that will evoke indented reactions and associations.

An ambient scent is an environmental scent that is not necessarily directly related to a brand but instead is more of an atmospheric tool to affect the mood of the customers (Rieunier, 2001). Ambient scents can be used to attract the customers to the products in a store (Shifferstein & Blok, 2002) by influencing their mood and associations. Pleasant odours can result in a customer spending longer time in a store and underestimate the actual time spent in the store (Daucé, 2000). This increases the number of times a product is investigated (Spangenberg, Crowley and Henderson, 1996). When using scents to attract attention to specific products it is important that the scents correspond to the product. According to Rieunier (2001) the combination of a relaxing smell and calm music increases the impulse purchases and the customer satisfaction whereas when music and smell was incongruent no change in customer behaviour was noticed. Likewise, the congruence between colour and taste is essential; if a product tastes strawberries, it is most likely to be red, and if a drink is yellow, it is expected to taste lemon. A study done on soft drinks showed that when the colour on the drink corresponded to the taste, the taste was easy to recognize whilst where the colour did not match the taste, identifying the actual taste was not evident (Lindstrom, 2005).

The Advertising Association of Sweden, together with the Swedish business magazine Dagens Industri Weekend, predicted the strongest business trends in 2007. They forecast that air, ventilation, and scents would witness the year's most massive exploitation and become big business areas in the future. This is because more firms have become aware of the fact that customers' well-being and sensory experience depend largely on the environment in which they live.

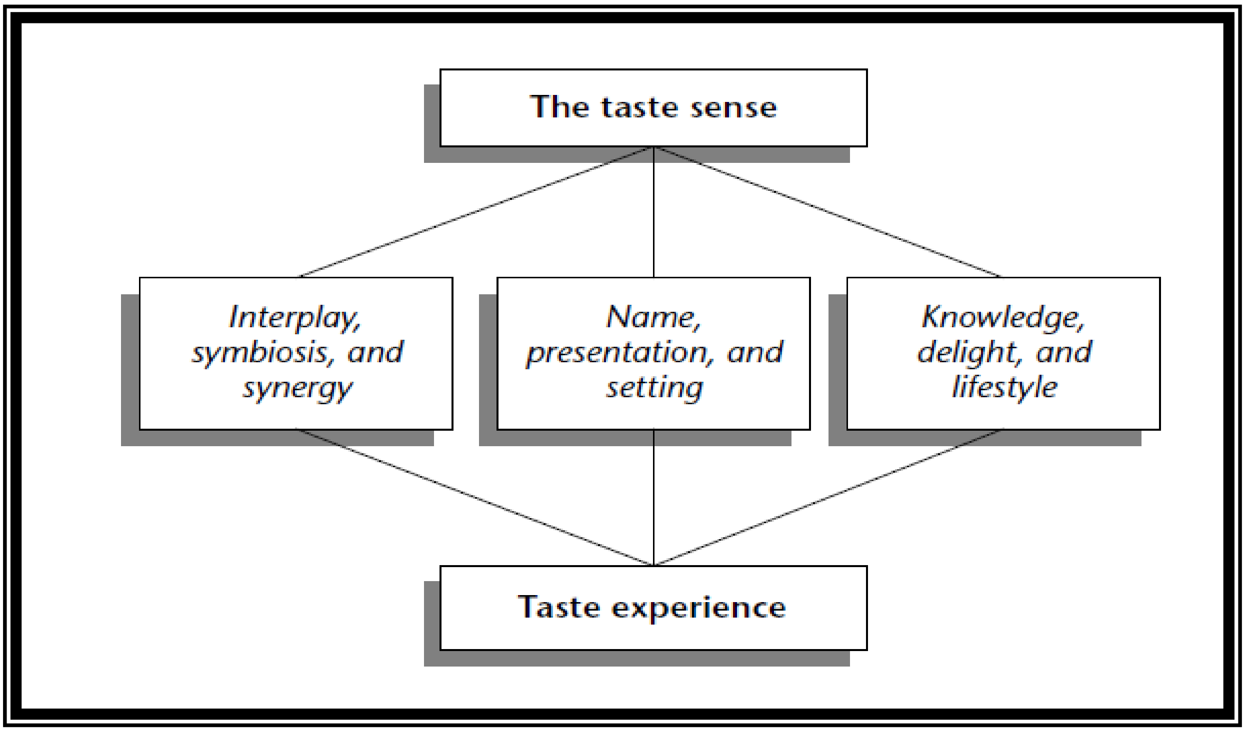
Among U.S. scent experts, the general opinion is that using scents is the best way to achieve a sensory experience. This practice is becoming more widespread; for example, retail chains and service producers use scents to create a smell experience for customers in a particular place or setting. In some situations it has even been shown that profits have increased by up to 40 percent after applying scents.

As firms are paying attention to the positive effects of scents in marketing, the air care market is increasing. Scented candles, sachets of coffee and tea, potpourri, oils, and scented resins remain popular, but there are also numerous new products in the market today. Fragranced products such as sprays, gels, liquids, and electric fresheners for cars and houses, are in increasing demand. The global market for air care products reached $7.2 billion by 2010 and in the alone United States the market reached $2.8 billion.

In sensory marketing scents can be applied in many different ways and with several aims. They can be used as marketing tactics to advertise a product and in strategic marketing to differentiate, position, and strengthen a brand and its image. Thus, scents can be an important component of a firm's sensory marketing, because scents have a close connection to the memory and well-being. This fact is central to any understanding of scents in marketing and their potential for creating a sensory experience.

3.5.5 Gustative Sense

Fig 3.6 Sense Expressions and the Taste Experience



Source: B. Hultén, N. Broweus, and M. van Dijk, Sinnesmarknadsföring (Malmö: Liber AB, 2008).

Since what one eats is closely linked to the survival, taste provides the most specific function than any of the five human senses. Smell and taste are closely linked together and referred to as the chemical sense (Korsmeyer, 2002). Different tastes are distinguished by various combinations and a more sophisticated sense of smell (Lindstrom, 2005 p. 28). A person can be exposed to aroma without including the taste but it is practically impossible to taste something without smelling it (Lindstrom, 2005), something that can be experienced when eating a delicious meal while having a flue.

Eating and drinking is strongly associated to joyful, positive memories, which is one of the reasons why the taste aspect should not be neglected in marketing, this extra dimension will lead to a stronger emotional connection Gobé (2001). Adding taste to the brand increases the value for the customers, and the perceived benefits of a symbolic gesture such as offering a cup of coffee in a store, will differentiate the brand positively in the minds of the customers (Gobé, 2001). Even if a product is not directly linked to oral use, the taste aspect could still be included by offering something to eat or drink at the point of purchase, or by including cafés and restaurants within a store, which create a pleasant atmosphere around the brand resulting in the costumers feeling more relaxed (Gobé, 2001).

The smell sense is critical to the ability to discern tastes, as many of the taste perceptions are actually smell perceptions. If one cannot smell food, the perceived taste experience is reduced by up to 80 percent. Although the taste sense is considered the weakest human sense, it is said that the ancient Greeks and Romans could say what kind of water a fish came from just by its taste.

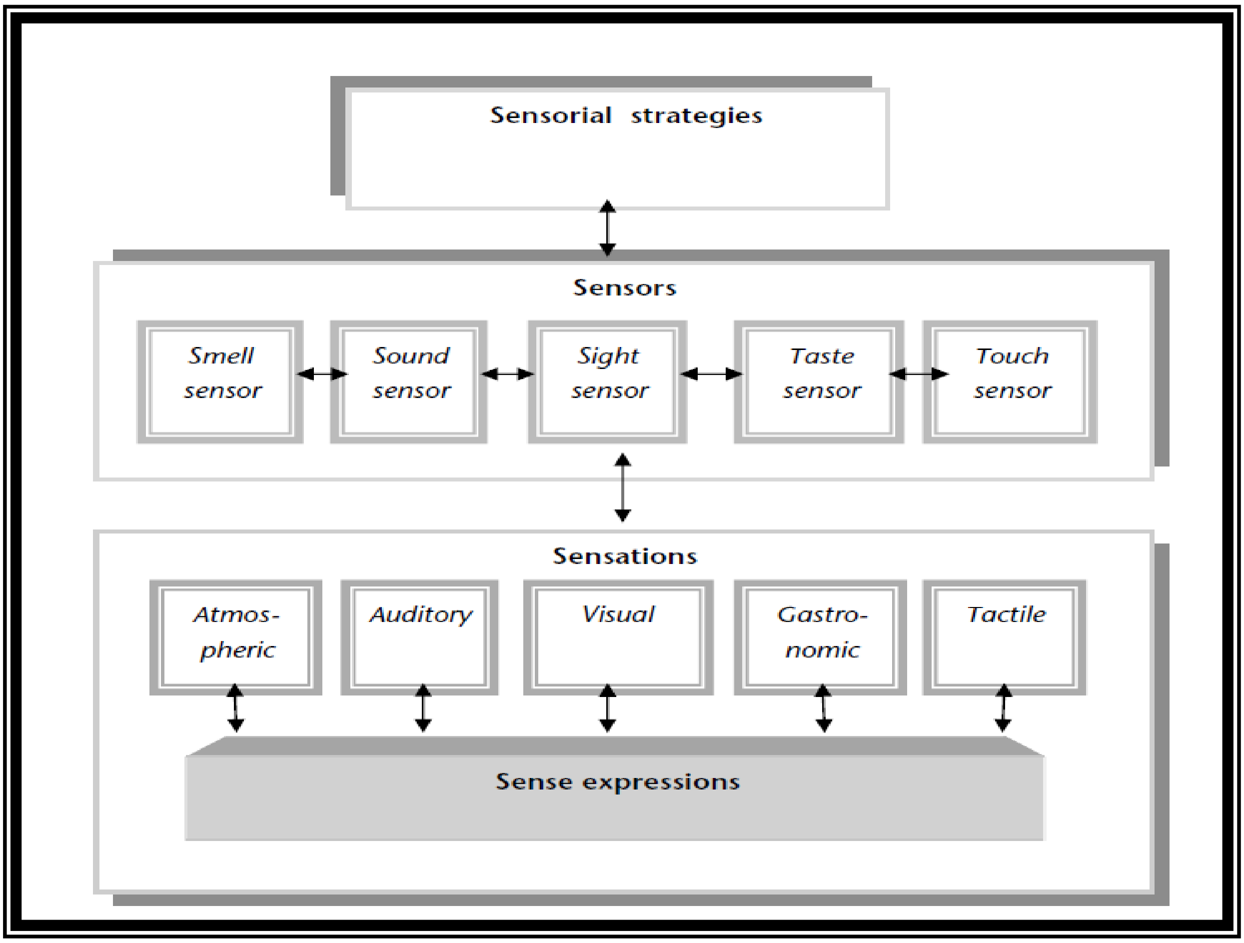
A taste experience can be generated in many situations and contexts. In 2002 the Florida Department of Citrus introduced an innovative campaign for Florida Grapefruit. The campaign was probably among the first in the United States for food and beverages in which a scent strip was used to create a dynamic and intense smell experience to convey the taste of drinking a glass of grapefruit juice. The advertisement showed a tall glass of refreshing ruby red grapefruit juice splashed across the surface of the newspaper. It conveyed the empowering taste of grapefruit juice with the messages "Taste the Kick" and "Reintroduce the word 'zing' into your vocabulary."

However, it is not only tastes and scents that are required to produce a taste experience. Sense expressions such as interplay and symbiosis contribute to a synergy in the sensory experience of eating and drinking. The fact that the taste experience builds on an interplay and synergies among the different senses was expressed by Annika Astrom: 'Customers call it taste, but it is everything: how it looks, smells, feels, and sounds. All this, the customer more or less merges into the concept of taste'. The taste a person perceives therefore includes much more than just the actual taste itself. The concept of taste is effectively an expression for the individual's supreme sensory experience, as what is eaten and drunk is seen as the whole experience of a product, even its smell, sound, appearance, and texture. Thus, taste is the entire sensory experience that results from the product being put into the mouth.

3.6A Sensory Marketing Framework

Research shows that one of the main reasons for the growing interest in the five human senses is an ambition among firms to try to offer a customer treatment – not customer acquisition or customer retention – that is more individualized and more personalized than before. The challenge is to find alternative approaches to penetrating the brand noise and the brand crowd that exist in nearly all global customer markets in the binary society. (B. Hultén, July 2007). Thus, a holistic view that emphasizes the supreme sensory experience should be at the center of a firm's sensory marketing.

Fig 3.7 A Sensory Marketing Framework



Source: B. Hultén, N. Broweus, and M. van Dijk, Sinnesmarknadsföring (Malmö: Liber AB, 2008).

The sensorial strategies that provide the foundation of customer treatment rely on three concepts: sensors, sensations, and sense expressions.

- The concept of sensors expresses how a firm can use different devices or digital equipment to which the human senses respond to transmit triggers, or stimuli, to customers or to receive signals, or information, about customers' purchasing behavior.
- The concept of sensations captures how a firm can express itself as a brand by transmitting triggers or stimuli deliberately but unconsciously via different sense expressions to the human brain. In psychology the concept is often related to how an individual perceives a signal, emphasizing personal experience of the environment and one's own body.
- The concept of sense expression relates to how a firm clarifies a brand's identity and values in relation to the human brain. Sense expressions create an individual's mental picture of a brand's emotional and rational features. The concept of sense expression is ambiguous, and it is commonly used in aesthetics and semantics.

For this reason the concept appeals in a sensory marketing framework, with its focus on both the emotional and rational features of a brand in terms of money and time. One consequence for a firm's sensory marketing is that the sense expressions applied should stand for the characteristics that a brand has and wants to communicate to customers.

Table 3.1 Sense Expressions

Sensors	Sensations	Sense expressions
Smell sensor	Atmospheric	Product congruence, intensity, and sex Atmosphere, theme, and advertency Scent brand and signature scent
Sound sensor	Auditory	Jingle, voice, and music Atmosphere, theme, and advertency Signature sound and sound brand
Sight sensor	Visual	Design, packaging, and style Color, light, and theme Graphics, exterior, and interior
Taste sensor	Gastronomic	Interplay, symbiosis, and synergies Name, presentation, and setting Knowledge, delight, and lifestyle
Touch sensor	Tactile	Material and surface Temperature and weight Form and stability

Source: B. Hultén, N. Broweus, and M. van Dijk, *Sinnesmarknadsföring* (Malmö: Liber AB, 2008).

3.7Multisensory Marketing

The five senses (Sight, Sound, Touch, Smell and Taste) help build emotion and thus remain longer in the memory. Sensory Marketing plays a vital role in customers' purchase decisions. Multisensory marketing, also called Sensory Branding, is emerging an important method of marketing and product development in higher-end markets.

"It is an ensemble of all the variables of action controlled by the producer or retailer to create, around the product or service, a specific multi-sensory environment, either through the product itself or the communication or the environment in the point of sale" - S. Rieunier

"Multisensory is a purposeful design and deployment of the interaction between the senses in order to stimulate a customers' relationship with a brand; and to foster a lasting emotional connection that optimizes purchasing and brand loyalty" (Kahn Consulting, 2007)

According to Kristin Nauth author of a book, "Multisensory Marketing," (2007), published by the futurist research and consulting firm Social Technologies. "Many companies are finding that when they engage customers with multiple sensory touch points—not just the traditional sensory channels of sight or hearing—they can enhance customers' emotional connection with their products and brands". The multisensory strategies seek to go beyond delivering functionality and value to evoking significant personal identification with products. Marketers need to increasingly aim to touch customers deeply, creating connections to memories, values, identity, and aspirations. In effect, they need to use sensation as a portal to meaning.

3.8 Multisensory Marketing –Applications across Sectors

The main difference between an experience and the sensory experience is the brand's ability to penetrate into the inner core of their customers. A supreme sensory experience is a decomposition of an experience where the firm's marketing activities are absorbed by the customers though their five senses. To maximize the impact, the customers' senses should be engrossed and should be positioned at the center of sensory marketing. A neurological condition where two or more senses are connected, linked and stimulated is called the sensory interplay, or the analogy of senses. This interplay of the senses contributes to the synergies that often give the customers a deeper holistic experience with a brand.

The presence of multisensory marketing in various sectors, illustrates the emergence of a new epoch in marketing, in which the five senses are at the center of a firm's marketing strategy and tactics. For this reason it becomes more important for the firms whether selling traditional customer goods or services, to affect and influence their customers in new and provocative ways to seize their human senses. The following examples clearly demonstrate how various business and sectors use the five senses to influence and impact their customers' perceptions and behaviours.

3.8.1 Automobiles Sector

Bentley

Bentley Motors Limited, engineers, manufactures and distributes luxury automobiles and automobile parts worldwide. According to 'Sensory Marketing', by Bertil Hulten, Niklas Broweus and Marcus van Dijk, in July 2003 one of the world's most prestigious cars, the Bentley Continental GT, was launched which was a £500 million project. One of the main aims of the car acoustics team was to reduce the overall noise i.e. the noise from the wind, the road, the suspension and the engine. The team aimed to create supremely comfortable interiors, reducing the overall noise to a blissful hum, in-turn offering an ultimate driving pleasure to their customers. The acoustic engineers decided first on how the car should sound, and only then they began to work to achieve it, as the new model not only had to look like a Bentley, but it had to sound like one. The engineers designed the car, ensuring that both the intake and exhaust manifolds made a true, unique, and instantly identifiable sound for the Continental GT which was 'deep, smooth, muscular, and inspiring'.

Bentley also carried out extensive research among existing Bentley owners, testing new additions to the brand as well as benchmarking the sound quality of other luxury sports cars, which was a smart move in a market where 44 percent of the customers indicated that the sound of a car was an important factor in their choice of the brand.

Rolls-Royce

Rolls-Royce Limited is a renowned British car manufacturing company founded by Charles Stewart Rolls and Sir Frederick Henry Royce on 15 March 1906 as the result of a partnership formed in 1904. According to 'Brand Sense' by Martin Lindstrom, Hundreds of thousands of dollars had been spent to reproduce the distinct smell of the 1965 Silver Cloud Rolls-Royce. The smell was an essential component in maintaining one of the world's primary luxury brands. When Rolls-Royce started getting complaints about their new models not quite living up to their illustrious predecessors, they worked out that, the only difference between the new models and their older ones apart from the obvious, was the smell. The interiors of older "Rollers" smelled of natural substances like wood, leather, Hessian, and wool. Modern safety regulations and building techniques meant that most of those materials were no longer used, and had been replaced by foams and plastics. The only possible means to recapture that essence was to artificially mimic it. Using a 1965 Silver Cloud as a reference, a team began a detailed analysis of its aroma, identifying individual odours. They formulated a chemical blueprint for the essence of their analysis and a total of eight hundred separate elements were found such as mahogany and leather, oil, petrol, under seal, and felt to name a few. With this analysis in hand they manufactured the smell. Now, before each new Rolls-Royce leaves the factory, the unique smell of Rolls-Royce is added to the undersides of the car's seats to re-create the small of a classic "Roller" to add to their customers' experience.

Volvo XC60

Volvo is a Swedish multinational manufacturing company headquartered in Sweden. Its principal activity is the production, distribution and sale of trucks, buses, and construction equipment. Volvo also supplies marine and industrial drive systems, and provides financial services. Personality, activeness, and sensuality are key words for the Volvo XC60 concept, which aims to provide the increased individualization that customers seek. Tactile marketing is expressed by Volvo's Scandinavian design, which allows better interaction between the driver and the car. The design is clean and stylish in terms of shape, material, and surface; everything connects to offer a unique touch experience. The touch experience is generated through sense expressions such as material and surface. The interior material of the XC60 is carefully selected to convey a feeling of premium quality to express Volvo's identity and values. To relate the car to the Scandinavian tradition, white interior surfaces suggest a clean, distinct feeling of snow. This creates both a visual and tactile experience of quality and safety.

As in the future, the climate issues will become more prominent in the car industry, Volvo emphasizes weight as a sense expression by producing a car that weighs less and thereby consumes less fuel. The XC60 is built from a light and environmentally friendly material that does not give off any substances that are harmful for people with allergies. The car is designed to have a Scandinavian feel inside that brings out and clarifies shapes, contours, details, and other features of the car. This creates an interplay between material, form, and light that increases the experience of touching the interior, regulators, and instruments. The steadiness in the armrests and the ergonomic design of the soft seats in leather and textiles contribute further to the expression of the car's identity. The XC60 has an apparent relationship to nature and digital technology. This can be seen on the inside of the doors, which combine a soft and naturally dense material with hard technological functions. The integration of nature and technology is an important part of the touch experience in the Volvo XC60 concept. (www.media.volvocars.com)

Skoda

Skoda Auto more commonly known as Skoda, is an automobile manufacturer based in the Czech Republic. Skoda became a wholly owned subsidiary of the Volkswagen Group in 2000, positioned as the entry brand to the group. According to 'Branding Your Business: Promote Your Business, Attract Customers and Build Your Brand Through the Power of Emotion' by James Hammond, the most famous campaign that included taste was the one made for the launch of Skoda Fabia in 2007 in London. The campaign cost was more than the real car ($800,000). The idea of Skoda was to advertise Skoda Fabia as 'tasty', so they decided to bake a life-sized cake that looked like Skoda Fabia. They hired the best chocolatiers, bakers and bricklayers to construct and bake the car, and filmed the whole process. According to Skoda, in the first week of the campaign, the visits to car dealerships went up by 160%.

Peugeot

Peugeot is a French car brand. According to 'Why Multisensory Campaigns make Sense' by The Print Innovator, Fespa News, Scent Marketing Digest, Peugeot is the major global brand which ran a multi-sensory print campaign to attract customers' attention and highlight the safety features of their cars; readers were told to punch a magazine advertisement, and when they turned the page a mini airbag inflated. Thus Peugeot demonstrated the safety features of their car by making use of tactile marketing through the medium of a magazine.

Sensory marketing is catching on with big companies in a big way, BMW updated its iconic sound logo. Its old sound logo was a double gong, but the new one is more melodic and dramatic attracting customers through auditory marketing strategy. Similarly, the Volkswagen New Beetle, sold 2,500 vehicles in just over a month when Beetles was offered in reflex yellow and vapour blue colours at a premium price, for a limited edition only. Thus successfully using colour as a visual sensory marketing strategy.

3.8.2 Food and Beverage Sector

The service landscape is becoming an environment for building brand images rather than only selling goods and services. More and more shops, supermarkets, hotels, destinations, restaurants, malls, and shopping centers are building emotional linkages in addition to rational ones to attract the human senses through sensory experiences. Given below are some such examples.

City Gross

City Gross Sweden AB is a chain of supermarkets operated by Bergendahl Food AB. The chain is focused on low prices and large stores. According to ‘Sensory Marketing’, by Bertil Hulten, Niklas Broweus and Marcus van Dijk, the “Swedish food rebel” City Gross handed out grocery bags to households when the company was established in Norrkoping, Sweden, in 2007. The bags contained beverages, bread, sandwich spread, and fruits. City Gross’s marketing activity was different from the traditional method of reaching customers. The company approached customers in a personal way that differed markedly from the impersonal marketing which characterizes this trade. Customers literally got a taste of the brand, and customer treatment became more personal. This was an innovative expression of sensory marketing to improve the image of City Gross. It can be seen as an example of tactical marketing to enhance awareness of the brand in the long term.

Kellogg's Cornflakes

The Kellogg Company is an American multinational which produces cereal and convenience foods. The company is a home to many brands. Kellogg's products are manufactured in 35 countries and marketed in over 180 countries. According to ‘Brand Sense’ by Martin Lindstrom, as for cornflakes, Kellogg's considers the crunchiness of the grain as having everything to do with the success of the breakfast product. Emphasis is placed on the crunch and the feel in the mouths rather than the sound effects heard on commercials. Kellogg's spent years experimenting with the synergy between crunch and taste. Kellogg’s contacted a Danish commercial music laboratory that specialized in the exact crunchy sensation of a breakfast cereal, to uniquely design and create a highly distinctive crunch for Kellogg's.

Kellogg's patented their own crunch, trademark and owned it in the same way as they own their recipe and logo.

The particular sound and feel of the crunch could be recognised and was identified as Kellogg's by the customers. Kellogg's when introduced their unique crunch to the market, their brand moved up the ladder. Kellogg's expanded the perception of their brand to incorporate four senses (including touch) rather than the more limited sight and taste. Thereby, broadening their brand platform.

Welch's Grape Juice

According to 'The Impact of Multisensory Marketing' by 4imprint.com, in 2007 Welch's ™ launched an advertisement in People ℠ magazine that included a one-time use, peel-off taste sample using dissolving flavour strips. The advertisement had the highest brand recall of all advertisements in that issue and generated a viral buzz. 59% of the customers who tried to taste the flavour strips stated that they were more likely to purchase Welch's Grape Juice after interacting with their gustative advertisement.

Dunkin' Donuts

Dunkin' Donuts is an American global doughnut company and coffeehouse chain based in Canton, Massachusetts. Since its founding in 1950, the company has grown to become one of the largest coffee and baked goods chain in the world, with 15,000 restaurants in 37 different countries. The chain has grown to include over 1,000 items on their menu. According to '5 Tips to Boost Sensory Marketing' by Shopperception, Scent Marketing Digest, a breakthrough marketing campaign for Dunkin' Donuts in South Korea was wildly successful. The company's goal was to increase awareness of the Dunkin' Donuts coffee brand and to drive traffic to their stores. To accomplish this, they used an innovative blend of radio advertisements and scent. Dunkin' Donuts installed scent diffusers on the commuter buses in Seoul. Whenever the Dunkin' Donuts advertisement came on the radio, a light coffee scent was released from the diffusers. Around 350,000 people were exposed to this multi-sensory message, it worked as a sensory interplay between sound and smell, the customers to the stores increased by 16% and sales jumped by 29%.

Absolut vodka

Absolut Vodka is a brand of vodka, produced near Åhus, Skåne, in southern Sweden. Absolut is owned by French group Pernod Ricard. Absolut is the third largest brand of alcoholic spirits and is sold in 126 countries. Since 1981 the shape of the Absolut vodka bottle has been the primary component in every aspect of the brand and its communication. From fashion shows to ice hotels, footprints on the beach or northern lights, Absolut's inventive advertisements are all based on the shape of the bottle. The shape of the bottle is the shape of the brand. Absolut Vodka also uses language in a special way on their web home page, advertisements sealing the language also as their band. Everything on the website is consistent with the Absolut advertising campaign-which has been running for over twenty years. It's a campaign that's based on continuity and variety, and 700 advertisements have been produced since 1980, all related to the original vision which launched Absolut Perfection. Thus Absolut Vodka has been successfully leveraging the synergy of touch, taste and sight, and also using language in a special way to brand its product. (www.absolut.com)

Pepsi-Cola and Chiquita Banana – Advertisement

According to 'Brand Sense' by Martin Lindstrom, A jingle as a sense expression can contribute to the sound experience of a brand. In the 1940s Austen Herbert Croom-Johnson and Alan Bradley Kent developed the jingle "Pepsi-Cola Hits the Spot," which was the first network jingle and was successfully placed in millions of jukeboxes. During the same decade the U.S. United Fruit Company developed a jingle for the Chiquita Banana brand, created by the U.S. advertising agency BBDO under the guidance of Robert Foreman. This jingle became so popular that it was recorded by several artists and sold almost one million copies. At the peak of its popularity it was played more than 376 times in one day. Thus greatly contributing to auditory marketing.

3.8.3 Airlines

The role of a sensorial communication is to give the product a strong identity and to involve the customer in a passionate and cognitive reality. An involving marketing and communication strategy provides the activation of five senses to attract the attention of their customers and imprint their brand in the memory for a long time.

Singapore Airlines

According to 'Brand Sense' by Martin Lindstrom, in 1973 Singapore Airlines broke through the barriers of traditional branding with their Singapore Girl. It was a move so successful that in 1994 the Singapore Girl celebrated her twenty-first birthday and became the first brand figure to be displayed at the famous Madame Tussaud's Museum in London. Singapore Airlines made the shift when they introduced a campaign based exclusively on the emotional experience of air travel. With a brand platform emphasizing smoothness and relaxation, their strategy was to move away from portraying themselves simply as an airline and instead to present themselves as an entertainment company. In the process, a new set of brand tools were invented and introduced. The staff uniforms were made from the finest silk in a fabric design based on the patterns in the cabin decor. The staffs were styled right down to their makeup. Flight attendants were offered only two choices of colour combination based on a palette designed to blend with Singapore Airlines' brand colour scheme.

Singapore Airlines was clearly driven by an aim to establish a true sensory brand experience encompassing so much more than what the passengers could see and hear. Even the announcements from the captain were carefully scripted by the advertising agency.

The sensory branding of the Singapore Girl reached its zenith by the end of the 1990s, when Singapore Airlines introduced the scent Stefan Floridian Waters designed as part of the Singapore Airlines experience. Stefan Floridian Waters formed the scent in the flight, attendants' perfume, was blended into the hot towels served before takeoff, and generally permeated the entire fleet of Singapore Airlines planes. The patented aroma has since become a unique trademark of Singapore Airlines. Thus synergising multisensory strategies to create a positive takeaway experience and bonding with their customers.

Airfrance

This is a French flag carrier headquartered in Tremblay-en-France, (north of Paris). It is a subsidiary of the Air France-KLM Group and a founding member of the SkyTeam global airline alliance. As of 2013 Air France serves 36 destinations in France and operates worldwide scheduled passenger and cargo services to 167 destinations in 93 countries. According to 'Sensory Marketing – Creating the Multisensorial Experience' by Pedro Ferreira, the plane's interior design appeals to the airline colours and sense of sophistication, the flight attendants wear a Christian Lacroix design uniform inspired in the French flag-carrier. Airfrance introduced the Air France Music, which is a selection of rare and exclusive pieces of music played on board. It has brought a fresh contemporary new touch to its gastronomic meal service with a bold and original menu elaborated by three famous Michelin-starred Chefs. The aircraft is scented with a unique fragrance, which is also used by the flight attendants, thus synergising multisensory strategies for a unique pleasurable experience for their customers.

Some of the airlines successfully used the olfactory sensory influence to the make their customers calm and comfortable. According to 'Sensory Marketing' by Nick Zawisza, the Midwest Airlines put cookies in the oven after takeoff to calm nervous passengers so that the smell of cookies wafts through the cabin as the plane reaches altitude. According to Neuromarketing.com, the United Airlines used auditory marketing strategy by adapting a very famous composition, by George Gershwin called Rhapsody in Blue, and personalised it. The Airline cleverly used this theme in most of their advertisements, by modifying the composition to keep it relevant to the content. Similarly the Korean Airlines made major endeavour to appeal to their customers' multiple senses through the visual medium of television.

3.8.4 Consumer Goods Sector

As early as the 1970's Kotler (1974) argued that the atmosphere of a place can be more influential than the product itself, underlining that the atmospherics can be viewed as the primary product. Store atmospherics are said to affect customers behaviour through its interaction with their perception (Puccinelli et al, 2009) and the thought of atmospherics is to create a positive experience that influences the customer's perception, allowing them to expect positive things, including the possibility to try new things (Wanger, 2002). Store atmospherics is defined as "…an effort to design buying environments to produce specific emotional effects in the buyer that enhance his purchase probability" (Kotler, 1974) and concerns environmental cues that can have a potential effect on humans behaviour as well their perception (Smith and Burns, 1996). Given below are examples of how different sectors have used their atmospheric dimensions to create positive influential experience for their customers.

Prada

Prada is an Italian luxury fashion house, specilialized in ready-to-wear, leather and fashion accessories, shoes, luggage and perfumes, and was founded in 1913 by Mario Prada. According to 'Brand Sense' by Martin Lindstrom, in 2002 Prada revolutionized dressing rooms through multisensory in its Soho store in New York City, where it installed smart closets. Smart closets scan the individual electronic chip-based clothing tags and send the garment information to an interactive touch screen in the cubicle. The customer can then use the screen to select other sizes, colours, or fabrics. The screen also displays video footage of the garment being worn on the Prada catwalk. Retail and fashion are merged to form an entertainment experience, leveraging technology that communicates through more senses. The microchips are able to identify an "anti-colour clash," which informs the customer whether a new garment would match their existing clothes. Once the item is purchased, a chip would tell the customers then the way to take care of it.

Abercrombie & Fitch

Abercrombie & Fitch, also known as A&F, is an American retailer that focuses on casual wear for customers aged 18 to 22, and is headquartered in New Albany, Ohio. It has over 300 locations in the United States, and is expanding internationally. According to 'Sensory Marketing', by Bertil Hulten, Niklas Broweus and Marcus van Dijk, The signature sound at Abercrombie & Fitch is expressed through famous songs that have been mixed to create the right atmosphere in their service landscape. A heavy bass represented in every song characterizes the firm's music. The music played is very loud and gives the impression of a night club. The songs are mixed to build up the expectation that something more is under way. There are no gaps between the tracks, and therefore the tempo and sound pressure are constant in the store. Customers like the music, and many dance in tune to it. Employees also dance, which gives the relaxed feeling of a party and "living it up."

QSD

QSD maker of maternity and post-maternity undergarments, wanted to set itself apart from the competition, it looked for a unique packaging solution, and found it with Transparent Packaging. According to 'Unique Scented Packaging Drives Apparel Brand Recognition', by Jennifer Dublino, Scent Marketing Digest, the Canadian based Transparent Packaging company designed a hexagonal package shape and added an encapsulated a nice fragrance to the outside of the carton to associate with the product which set them apart. The company uses two different fragrances for its packages: baby powder and fresh cotton. Scent is applied through a scented varnish and is released when the package is handled.

Scents as Femininity and Masculinity

This example from a clothes shop illustrates scents as an expression for femininity and masculinity. According to L. Tischler, 'Smells like Brand Spirit', Fastcompany, 2005, a scent of vanilla was added to the women's department and a spicy kind of honey scent to the men's department. The scents had a major impact on the customers – the sales almost doubled in both the women's department and men's department. However, when the scents were switched between the two departments, the customers spent less money than average.

Nike

Nike, Inc. is an American multinational corporation that is engaged in the design, development and worldwide marketing and selling of footwear, apparel, equipment, accessories and services. It is one of the world's largest suppliers of athletic shoes and apparel and a major manufacturer of sports equipment. According to 'Brand Sense' by Martin Lindstrom, in an experiment conducted, two identical pairs of Nike running shoes were placed in two separate, but identical, rooms. One room was infused with a mixed floral scent and the other was not. Test subjects inspected the shoes in each room and then answered a questionnaire. 84 percent of the Customers overwhelmingly preferred the shoes displayed in the room with the fragrance and also estimated the value of the "scented" shoes on average to be $10.33 higher than the pair of shoes in the unscented room.

Schick Men's Razor

Schick is a brand of safety razors by Wilkinson Sword, a subsidiary of Energizer Holdings. According to 'Schick Uses Scent to Give Men's Razor a Competitive Edge' by Andrew Adam Newman, The New York Times, Schick razor introduced the Xtreme3 Refresh, which had a scent reminiscent of just coming out of the shower, with the bracing notes of spearmint, citrus and rosemary. The scent was embedded in the razor's rubber handle. The trend then had been towards more scented personal care products for men, and the razor followed the suit. When testing the product before launch, researchers found that 70% among those who noticed the scent, accepted to buy the razor, indicating that the smell influenced men on a subconscious level. Schick scented the razor, used packaging featuring a scratch 'n sniff patch and also used ambient scenting at "refresh stations". Part of Schick's marketing campaign focused on the first time shavers, hoping that the scent in the razor would bind the young shavers to the brand throughout the years as the scent evokes their positive memories of becoming a man.

Lucky Strike Cigarette

Lucky Strike is an American brand of cigarette owned by the British American Tobacco groups. Often referred to as "Luckies", Lucky Strike was the top selling cigarette in the United States during the 1930s. According to 'Brand Sense' by Martin Lindstrom, in 1942 Lucky Strike struck a problem. During the Second World War chromium, an element essential to the green ink on their labels, was in short supply. Around the same time the American troops invaded North Africa, Lucky Strike then released its new pack of cigarette with red colour, along with the slogan "Lucky Strike has gone to war!" Six weeks later Lucky Strike sales were up by 38 percent.

Louis Vuitton

Louis Vuitton Malletier, commonly referred to as Louis Vuitton is a French fashion house founded in 1854 by Louis Vuitton. The label's LV monogram appears on most of its products, ranging from luxury trunks and leather goods to ready-to-wear, shoes, watches, jewellery, accessories, sunglasses, and books. Louis Vuitton is one of the world's leading international fashion houses; for six consecutive years (2006–2012) Louis Vuitton has been named the world's most valuable luxury brand. According to 'Brand Sense' by Martin Lindstrom, all of the three hundred Louis Vuitton stores across the globe have an identical display in the shop front window. Each month, on exactly the same day, the design is changed according to the global manual of window dressing. Everything from the door handles, the wall texture to the packaging is carefully controlled. The LVMH group places all its emphasis on the visuals.

Tiffany

Tiffany, the New York jeweller's name has been synonymous with luxury, exclusivity, and authenticity since 1837, its jewellery is presented in a robin's-egg-blue box, which is their brand statement. According to 'Customer Sense - How the 5 Senses Influence Buying Behaviors' by Aradhana Krishna, Tiffany manages to impart magic and integrity through their packaging alone. Authentic Tiffany boxes and pouches have become marketable items, fetching up to $40 on auction sites. Tiffany's delicate blue forms the basis of the store's colour scheme: it's the colour of the catalogues, their advertisements, and their shopping bags. No matter how much money one may offer Tiffany, one cannot buy a box from them. The ironclad rule of the company is that boxes (or pouches) leave the store only if they contain an item that's been purchased there.

ASDA Grocery Chain

ASDA Stores Ltd. (stylised as ASDA) is a British supermarket chain which retails food, clothing, general merchandise, toys and financial services. According to 'Brick & Mortar Shopping in the 21st Century', Lawrence Erlbaum Associates, Britain's ASDA grocery chain took the wrappers off several brands of toilet paper, inviting customers to feel for themselves, resulting in a 50% increase in sales.

Bloomingdale's

Bloomingdale's is an upscale chain of department stores owned by Macy's, Inc. According to 'Just browsing at the mall? That's what you think' by Fetterman, Mindy, and Jayne O'Donnell, Bloomingdale's which is often associated with style and innovation, carefully selected and strategically used scents like baby powder in the baby section, suntan lotion near the bathing suits, lilacs in lingerie, and cinnamon and pine scents during the holidays in various departments. The purpose was to influence the smell experience of their customers and strengthen their brand image in the long term.

Digital Flex Media

Digital Flex Media, a leader in CD and DVD replication disks and technology, announced the launch of a line of Rub 'n Smell discs, idea was to help businesses, marketers and advertisers cost-effectively connect and influence their target markets with scent marketing. The scent was incorporated into the ink and varnish was used to coat the company's disks. Scents like fresh fruit, flowers, coffee, pizza, chocolate and custom scents and fragrances supplied by clients were used on the disks. According to the company, the scent activated when rubbed and lasted for a few seconds each time. These disks could retain their scent for years and the intensity of the smell could be controlled by scenting a larger or smaller area. Their marketing research department discovered that when given a choice between two similar foods or beverage products, 81% of the customers preferred the one that they could smell and see rather than the products which they could just see, resulting that scent does not just alter the customer behaviour, but it profoundly shifts their behaviour in one direction giving benefit from this fact and a definite, lasting edge in a competitive marketplace. (www.digitalflexmedia.com)

Scented Children's Book

According to 'Author Debuts Scented Children's Book', by Jennifer Dublino, Scent Marketing Digest, Children's author Margaret Hyde came up with an idea about a dog smelling colours and decided to add actual scents to the book. She wanted to use scents that would be safe and hypoallergenic for children, and settled for essential oils. The oils were dispersed in a "Press 2 Smell" technology developed by Hyde that holds the scent until pressed. Each scent could be pressed up to 150,000 times. More than 25,000 copies were sold and won multiple Moonbeam Children's Book Awards. In addition to the general children's market, the books had a great reception from learning disabled and autistic children, as research has shown that they react very positively to multi-sensory experiences and are able to learn better when more senses are used.

Florida Hospital

Florida Hospital's Seaside Center in the United States has created environments conducive to the well-being and health of patients. To achieve a smell experience, the hospital is used machines that circulated scents of the sea, coconut, and vanilla. The scent of vanilla permeates the radiology department, because it is felt to make people feel less claustrophobic. One reason that the hospital chose to use scent machines was to reduce the number of cancellations from patients waiting for X-rays. The hospital wanted to use scents to create an environment that was stimulating and pleasant and at the same time relaxing and soothing for the patients. The expectation of the hospital here was that the use olfactory scents would make patients stay and undergo the treatment. The results were dramatic. The cancellation rate dropped 50% and the need for sedation during MRI's dropped from 6% of patients to 2%. (www.sensorymax.com)

The importance of scents in a service landscape can be taken from a grocery store in Stockholm, Sweden. According to 'Sensory Marketing', by Bertil Hulten, Niklas Broweus and Marcus van Dijk, Stockholm Grocery Store used an artificial scent of oranges in its fruits and vegetables section for a limited period, which led to a noticeable increase in the sale of its oranges. A high-end Canadian blue jean company introduced scented jeans, called "Weird Guy Scratch n' Sniff Raspberry Scented" whose scent lasts for five washes. Auditory sensory marketing strategy was implemented by Lindex, a Swedish fashion chain, known for its fast fashion clothing for women, teenagers and children, by using a jingle to enhance the sound experience for its customers and to increase their recognition level. (ibid)

3.8.5 Technology

Sound has been applied in mass marketing for a long time. It has been used to communicate messages and create awareness about a firm and its products since the early twentieth century, mainly in television and radio commercials, where music is often intended to dramatize or enhance an idea. More and more firms have come to realize that sound is important for understanding arguments, opinions, and feelings. In sensory marketing, this can be realized through sound logotypes, jingles, voices, or music. The integration of such sound expressions is termed "muzak," named after the company Muzak, which patented a system for playing music in the workplace.

Microsoft

Microsoft Corporation is a company that makes computer software and video games for users around the world. Bill Gates and Paul Allen started the company in 1975. Microsoft makes Windows, Microsoft Office (including Microsoft Word), Internet Explorer, MSN, and the Xbox 360, among others. According to 'Brand Sense' by Martin Lindstrom, It took the U.S. company Microsoft eighteen months to develop the sound that plays when Windows Vista starts up. Microsoft was looking for a clear, simple sound that would reflect the rhythm of the words "Windows Vista," consisting of four chords with a duration of four seconds. As the sound would be played on millions of computers every day, it was essential to find a sound that expressed the identity of the brand and also contributed to a pleasant sound experience.

Apple

Apple is a multinational company that makes computer hardware, computer software, and portable devices like mobile telephones and music players. Apple sells their products all around the world. According to 'Sensory Marketing', by Bertil Hulten, Niklas Broweus and Marcus van Dijk, An excellent example of the importance of digital technology is Apple's iPhone, which was introduced in the United States in June 2007. It is noteworthy that Apple chose to use a touch screen instead of a traditional keyboard, in order to emphasize the importance of touch as one of the five human senses. The Apple Mac scent has been produced by the Air Aroma company, combining the smells of cardboard, ink and other ingredients. This very specific smell is suggested to come from the packaging. Customers of Apple computers, iPhones and other products know the smell of the new device.

Nokia

Nokia is one of the world's biggest mobile company. The trademarked Nokia ring tone has given Nokia a considerable competitive advantage. Nokia is the world's largest cell phone manufacturer, and thus its tune is played, and heard, millions of times a day all around the world, which amounts to thousands of hours of branded sounds for each individual. Over the years Nokia has spent a considerable amount of money marketing the company, but hardly spent on promoting its tune-also known as the Nokia tune. Despite this fact, the tune is recognized the world over. Researches prove that, on average, a cell phone rings around nine times a day and the average length of the ring is about eight seconds, leaving a person exposed to more than seven hours of ring tones a year. Slowly but surely Nokia has built a significant awareness of their brand just by leveraging something as simple as their ring tone. The Brand Sense study shows that 41 percent of the customers across the world recognize and associate the tune with the brand when hearing a Nokia cell phone ring. In the UK the number is considerably higher, with 74 percent recognizing the tune, whereas in the United States, there's 46 percent recognition. (www.press.nokia.com)

According to Brand Sense by Martin Lindstrom, In the 1970s IBM released its new improved model 6750, which was a beautiful and silent typewriter. Typists did not like it as they could not tell whether the machine was working or not. So IBM added an electronic sound to reproduce the functional noise which they had worked so hard to eliminate. Thus, establishing the effect of auditory sensory marketing strategy on human behaviour.

3.9Hotels and Casinos

The term servicescape was introduced in the early 1990's by Bitner (1992) and is defined as the physical environment and surroundings in which an organization is active (Zeithaml et al. 2009). According to Bitner (1992) the servicescape includes different environmental dimensions which are defined as ambient conditions, space/function and signs, symbols & artefacts (ibid.). These dimensions consist of both exterior and interior design, including surrounding environment as well as layout, equipment and sound, music, scent, lighting (Zeithaml et al. 2009), all which have been identified as factors influencing customer's behaviour (Bitner, 1992).

According to Kotler (1974), customers respond to more than the product itself, including the place where the product is sold. This means that customers rely on tangible cues or the physical evidence of the service environment when evaluating the service process (Wilson et al. 2008). The physical environment can thereby have a great impact on customers since it can influence customers overall satisfaction of an experience (Bitner, 1992) as well as how customers behave through approach or avoidance (Zeithaml et al. 2009). Given below are examples of how hotels have used their environmental dimensions to influence their customers.

Bellagio Hotel and Casino

According to 'Brand Sense' by Martin Lindstrom, a fascinating experiment took place at the 'Bellagio Hotel and Casino' in Las Vegas when it experienced the firsthand power of sound in its hotel's casino. The hotel management took special note of the buzz of slot machines and the shower of coins falling into the winner's tray, so for a while the hotel replaced its noisy slot machines with "cashless" machines. But to the dismay of the hotel management, they found their slot-machine revenue noticeably falling up to 24%, because it seemed to their guests that a machine is not a slot machine unless it whirs and jingles and it applied to losers and winners alike. In no time, the original machines were restored to service.

Holiday Inn

Holiday Inn is a multinational brand of hotels. It is one of the world's largest hotel chains with 434,357 bedrooms and 3,414 hotels globally. There are over 100 million guest nights each year, globally. According to ‘10 Weird Sensory Marketing Tricks Companies Use on Us’, by Sabine Bevers, Listverse.com, the Holiday Inn hotels chain has been using scents combined with the right kind of music to invite the guests stay longer in their rooms, lobbies and bars. The company uses a rose scent for weddings, fruity smell for parties and a leather-based scent for business meetings and similar functions. They also induce the chlorine pool smell through a bucket of powder that is added to the air system in the mornings.

Harrah's

Harrah's Las Vegas is a hotel and casino located on the Las Vegas Strip in Paradise, Nevada. Harrah's has over 1,200 slot machines. According to 'Brand Sense' by Martin Lindstrom, An experiment conducted in Harrah's, a casino in Las Vegas, where an area was set aside and infused with a pleasant odour. Over the next few weekends, the revenue of the machines was compared to the earnings of the machines in the unscented zone. Revenues from the scented area were 45 percent higher than those from the scentless counterparts. Understandably, over the past few years Harrah's casino has spent thousands of dollars to see whether fresher air, wider aisles, and back supports can increase gambling.

Ritz Carlton

The Ritz-Carlton Hotel Company, L.L.C. is the parent company to the luxury hotel chain, The Ritz-Carlton Hotels. Ritz-Carlton operates 81 luxury hotels and resorts in major cities and resorts in 26 countries worldwide. According to 'Brand Sense' by Martin Lindstrom, Ritz Carlton is one of the few hotel chains which maintain their visual sense focus. They use their lion logo at every possible touch point like their door handles, cake towers, soap, and slippers.

The Omni Hotels & Resorts

Omni Hotels & Resorts is a privately held, international luxury hotel company based in Irving, Texas. The company currently operates 43 properties in the United States, Canada, and Mexico totalling over 14,500 rooms and employing more than 15,000 people. According to 'Joint Promotion Adds Stickers to sweet smell of Marketing' by Stuart Elliott, The New York Times, Omni Hotels & Resorts uses different fragrances within the same property based on function: lemongrass in the lobby, cookie smell in the coffee shop and tropical coconut by the pool. The guests at the Omni hotels receive a paper with patches smelling of blueberry muffins. This is done to encourage muffin purchases at the Starbucks located in the hotel's lobbies.

Westin

Westin Hotels & Resorts are an upscale hotel chain owned by Starwood Hotels & Resorts Worldwide. As of 2013, Westin operated over 192 hotels and is well down the sensory branding path with its Sensory Welcome program now being rolled out across all of its hotels worldwide. The program is used to create a relaxed mood in the hotels' public spaces, blending carefully modulated sound—a customized soundtrack—with infused scent and the appropriate visual notes in its interior design. The hotel's White Tea fragrance has hit such an emotional chord with guests that it is now being sold separately as a line of products by the hospitality provider. Westin has already struck the right note in terms of tactile branding: Its Heavenly Bed and Heavenly Bath products are sold through the company's in-room catalogue, its branded website, and through Nordstrom department stores. (www.scentair.com)

Dunkel Keller Restaurant

The restaurant Dunkel Keller takes the social and cognitive values to their extreme. According to 'Sensory Marketing', by Bertil Hulten, Niklas Broweus and Marcus van Dijk, the restaurant is blacked out to minimize visual impressions, which means that the other senses have to work harder. This emphasizes the taste experience, because one sense is strengthened if another gets weaker. Moreover, the blacked-out restaurant heightens the touch impressions from the cutlery and the porcelain, as well as the sound impressions from voices. The presence of other diners and the staff creates an experience for all the senses.

The Langham Hotel and Shangri-La Hotel and Resort

According to 'The Secret Weapon Luxe Hotels Use To Lure Guests In' by Forbes Travel Guide, the Langham hotel is one of the largest and best known traditional style grand hotels in London, and has a custom-made ginger-lily scent to appeal to residents; and the Shangri-La Hotels and Resorts which is a Hong Kong based company that runs the five-star lodgings chain can be found across Asia, the Middle East, North America, Oceania and Europe. One of the Shangri-La Hotel in Vancouver uses a custom blend of spicy ginger and fresh bergamot in its rooms, to appeal to the olfactory sense of the customers.

Hard Rock Hotel

Hard Rock Cafe is a chain of theme restaurants founded in 1971 and currently has 175 Hard Rock locations in 53 countries with the largest in Orlando. Hard Rock Hotel in Orlando, management took full advantage by pumping the smell of waffle cones to direct their customers to the ice cream shop that was located in their basement, resulting in subsequent increase of sales by 50 percent. (www.sensorymax.com)

Sheraton Grand Hotel

Sheraton Hotels and Resorts is Starwood Hotels and Resorts worldwide's largest and second oldest brand. According to 'The Secret Weapon Luxe Hotels Use To Lure Guests In 'by Forbes Travel Guide, 'Sensory dining' is the blind-folded eating experience brought to

Edinburgh by the team of the Sheraton Grand Hotel. The removal of the sight while eating is aimed to heighten the diner's experience of flavours, smells and textures of their food. The six-course menu for the customers is specially designed by the hotel's chef, with the sole purpose of tantalising the senses through the ingredients used. A host for the evening guides the diners through all the six courses giving them the description about the food that is being served to them.

Marina Bay Sands (MBS) and Equarius Hotel

Marina Bay Sands and Equarius Hotel are an integrated part of the Resorts World Sentosa in Singapore. According to 'Good Business Scents', by Simon A. Faure-Field, The Straits Times, At MBS, the guests are offered a choice of three signature fragrances for their suite – masculine, feminine and neutral and portable scent machines are used by housekeeping staff to neutralize tobacco smells and other foul odours. Equarius Hotel on Sentosa, use a signature fragrance reminiscent of rainforest infused with 'floral and green top and mid notes, perfectly balanced with woody lower notes' to compliment the design and bring out the elements of the resort's lush tropical greenery.

Gramercy Park Hotel's

Gramercy Park Hotel is a luxury hotel located in Manhattan, New York City, adjacent to Gramercy Park and is best known for its rich history. According to 'The Secret Weapon Luxe Hotels Use To Lure Guests In' by Forbes Travel Guide, Famed hotelier Ian Schrager commissioned New York City based bespoke fragrance creator Le Labo to concoct the Gramercy Park Hotel's scent. Le Labo founder Fabrice Penot and his partner visited the hotel to begin research and development when construction was still under way. The duo realized the fireplace was a central fixture in the lobby and formulated a scent that combined the smell of wood and hints of leather in a candle called Cade 26. Starting at $90, the candle is available for purchase through the Gramercy Park Hotel.

Hotel Park Hyatt Vendome

According to 'Sensory Marketing', by Bertil Hulten, Niklas Broweus and Marcus van Dijk, the French perfumer Blaise Mautin was given the challenge of creating a scent that, together with the hotel's interior and modern design, would emphasize the hotel's deepest feelings and engender a good atmosphere to provide guests with a smell experience. To develop a product-congruent scent that fit with the hotel's values and identity, Mautin met the hotel team regularly over a period of months. After studying floor plans of the hotel and discussing design, quality, and the hotel's philosophy of sensory experience and wellbeing with the hotel team, Mautin presented a scent of patchouli – a strong smelling flower oil used in certain exclusive perfumes. Among other things, this scent was believed to be in harmony with the hotel's rich mahogany detailing. However, the scent of patchouli was felt to be a little formal, so extracts of sweet Brazilian oranges and natural sandalwood were added. Synthetic and natural vanilla was also added to give the scent an element of amber and softness, as well as a Russian-inspired scent comparable to the scent of burning wood. The final formula for the scent contained more than eighteen ingredients. The signature scent integrates with the other elements of the hotel, including the white orchids in the reception, the soft flowing lines of the interior, the luxurious Thai silks, and the textured surfaces. It has been described as the scent of "fresh cement poured over a raw oak plank, plus fresh, ever-so-slightly cinnamony pastry dough, with the olfactory texture of thick, rich tan silk." Moreover, it is said that the scent's brilliance is its intensity, because it is subtle and therefore not easy to define.

Nordic Light Hotel

According to 'Sensory Marketing', by Bertil Hulten, Niklas Broweus and Marcus van Dijk, Smell - The fact that scents have a positive impact on hotel guests is shown in a study from 2006 of the Swedish design hotel the Nordic Light Hotel in Stockholm. The reception, lobby areas, and corridors in particular are places where scents contribute to a sensory experience for guests. From this it can be understood that hotel guests prefer scents in spaces they occupy for just a limited time.

Sound - The Nordic Light Hotel uses music specially selected to complement the company's identity in order to elucidate how the brand should be experienced. The music selection includes 800 songs that aim to create a pleasant atmosphere in the hotel. Music is streamed through the Internet, and it is possible to listen to the music being played in the lobby of the hotel, for instance, on the company's website. The music is categorized to suit different themes and times of the day. For example, a morning channel plays when guests are eating breakfast. In addition, the volume is varied according to the number of people in residence. The Nordic Light Hotel applies this principle in its restaurant, where the tables are covered with a surface of rubber to eliminate rattling sounds when something is put on the table. Acoustic curtains are used in the hotel's lounge to create a pleasant sound experience.

Touch - The Nordic Light Hotel in Stockholm, Sweden, creates a touch experience for guests through the solidity of its interior features. Bed linen, towels, sheets, and three different size pillows to give the right feel. Since a night in a hotel implies staying in a service landscape for a longer period, it is important that the interior and all the surfaces that customers come into contact with contribute to a positive touch experience. This covers everything from door handles to water taps and furniture.

Starbucks

Starbucks Corporation is an American global coffee company and coffeehouse chain based in Seattle, Washington. Starbucks is the largest coffeehouse company in the world, with 20,891 stores in 62 countries, including 13,279 in the United States, 1,324 in Canada, 989 in Japan, 851 in the People's Republic of China, 806 in the United Kingdom, 556 in South Korea, 377 in Mexico, 291 in Taiwan, 206 in the Philippines, 179 in Turkey, 171 in Thailand, and 167 in Germany. According to 'Brand Sense' by Martin Lindstrom, Starbucks used the sensory marketing framework to create a deeper and more personal relationship with its customers by involving all the five human senses. The environment of Starbucks makes it comfortable for their customers to read a book or talk with friends. The green and yellow of the interior, together with pleasant lighting, offer a soothing and restful visual experience. The relaxing music is selected with precision to create the "sound of Starbucks". The smell and taste of the freshly ground coffee, the comfortable texture, solidarity, and the shape of the armchairs all contribute to the sensory experience of the brand (Hultén et al 2009). Such an approach further contributes in building a successful multisensory brand-experience, where the different sensory impressions impact customer behaviour and perceptions of goods and services (Hultén 2011).

Le Meridien Hotels

Le Meridien is an international hotel brand with a European perspective. It is owned by Starwood Hotels & Resorts Worldwide, and has a portfolio of more than 120 hotels in over 50 countries worldwide. According to 'The Secret Weapon Luxe Hotels Use To Lure Guests In' by Forbes Travel Guide, Starwood's Le Meridien, made serious effort into a memorable and consistent sensory experience. Le Meridien's approach to use of sensory marketing to enhance their brand is different and interesting. As soon as the guests step into any Le Meridien hotel lobby, they smell a peculiar scent of 'old books and parchment in a library', emerging at the hotel entrance. The scent machines in the lobby are not always visible, but are placed there to get their guests in the "right frame of mind" in sync with the hotel's positioning itself as a destination for "guests who seek out a new perspective and cultural discovery in their travel experience".

The music that is played in the hotel elevator, is the sound of "horses galloping in water". The Le Meridien elevator music is actually a 24-hour sound track composed by Henri Scars Struck, who, with 20 musicians around the globe, composed and performed the massive piece. The hotel created this unusual elevator music, with an objective of it being noticed by their customers as different than the usual piped strains played in other hotels and also to give psychological tinkering to them. Finally, when their customers unlock their rooms, they open not just their hotel room but a museum or art gallery.

Hotel Chocolat

Hotel Chocolat is a British chocolatier and cocoa grower, with over seventy stores in the United Kingdom and five stores within the United States and the Middle East. Hotel Chocolat is the only company in the United Kingdom to grow cocoa on its own plantation. According to 'Sensory Marketing', by Bertil Hulten, Niklas Broweus and Marcus van Dijk, Hotel Chocolat is not a hotel, a restaurant, or a regular store, rather, it is a home for chocolate lovers. The company aims to reduce the gap between the cocoa plantations and chocolate lovers by offering exclusive high-quality chocolate and finely flavoured cocoa. The hotel succeeded in creating this concept. In 2007 it was officially confirmed to be a Cool Brand and was awarded the title "The emerging chain of the year," in 2008.

The atmosphere in the service landscape of the hotel was one of its keys to its success, where sense expressions such as interplay, symbiosis, and synergy were created to form an amazing sensory experience, contributed by the hotels cocoa colour interiors and their carefully shaped details inspired by fashionable restaurants. The company's name as a sense expression highlighted their passion for chocolate. Moreover, their presentation as a sense expression is of great importance for their service landscape and their packaging of the chocolate. Many customers purchased the chocolate just because of the beautifully designed packages, which they used as knick-knacks at home. Thus, the visual expressions contributed to the brand awareness and together facilitated as a sense expression that breathed chocolate to their customers' experience of the hotel.

Sense expressions such as knowledge, delight, and lifestyle are characteristics of the Hotel Chocolat Tasting Club, which has more than 100,000 members across Europe. Every month the members get the delight of chocolate "made with premium wholesome ingredients, passion and flair." Members are invited to rate these chocolate, and the results are presented in the members' magazine. This knowledge then is used by Hotel Chocolat to develop their new products.

The Ice Hotel

The Icehotel, is the world's first ice hotel in the village of Jukkasjärvi, in Sweden. After its first opening in 1990, the hotel has been erected each year from December to April. The hotel, including their chairs and beds, is constructed from snow and ice blocks taken from the nearby Torne River. According to 'Sensory Marketing', by Bertil Hulten, Niklas Broweus and Marcus van Dijk, the whole hotel is built of ice and it relies to a large extent on the low temperature inside the hotel. The walls, tables, chairs, and even the drinking glasses in the "Icebar" thereby create a touch experience. The guests do not experience the cold as unpleasant; rather, they see it as a necessary part of experiencing the hotel. The structure and the inside temperature of the hotel remains below freezing, around 23 °F (−5 °C), regardless of how cold or warm it is outside. Thus, the temperature in the hotel may be experienced as warm and pleasant when it is colder outside.

3.10 Conclusion

In this world of heavy communications flow through a large number of media vehicles, through interactive and sensory-laden multimedia, product attributes and benefits, brand names and brand associations are no longer sufficient to catch attention, to draw customers. Businesses that engage customers are those that afford them a memorable sensory experience that ties in with the positioning of the company, product, or service. For all these reasons, the branding phase is losing its vitality and is being replaced by the marketing of sensory experiences, i.e. by marketing aesthetics.

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CHAPTER – IV

ANALYSIS AND INTERPRETATION OF THE DATA

4.0 Introduction

This chapter reveals the findings of the research work undertaken based on the objectives and hypotheses framed. The chapter consists of analysis and interpretation that is facilitated by SPSS package. The analysis is presented highlighting findings and interpretation of responses of customers of the select four star and five star hotels of Hyderabad and Vishakhapatnam are covered under the study. The chapter is presented using tables, charts and interpretations are drawn in the light of the findings.

The chapter opens with the reliability statistics of the study and section wise reliability of the questionnaire. The chapter throws light on some general demographic profile details of the respondents such as gender, age, marital status, occupation, education, monthly income, frequency of visit to the hotel and approximate amount spent per visit at the hotel of the customers. The later part of the chapter concentrates on the findings, analysis and interpretation of responses of customers of the hotels. It further presents the analysis of the Hypothesis of the study calculated by the application of Chi square and Factor Analysis.

4.1Reliability of the Study

Reliability Statistics	
Cronbach's Alpha	**No. of Items**
.957	93

Reliability tested using Cronbach’s Alpha score. The questionnaire is said to be reliable if the Cronbach’s Alpha score is above 60 %. The questionnaire used for data collection has a score of .957 i.e. 95.7 % which indicates a high level of internal consistency, validity and implies that the questionnaires are reliable. In table 4 given below presents, the internal consistency of the research instrument i.e. questionnaire. It can be observed that the internal consistency is high as the reliability value is more than 75%.

Table 4.0 Internal Consistency and Reliability of the Study

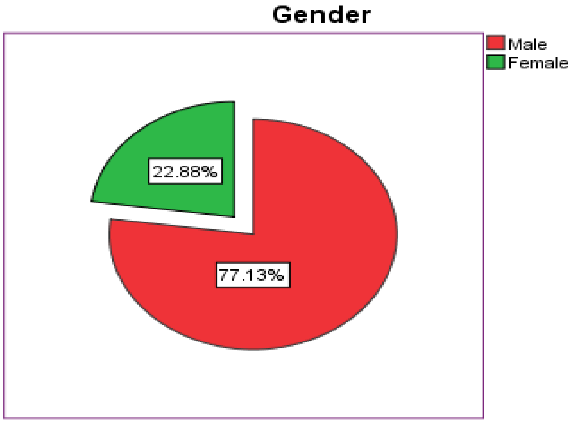
S No	Factors	Cronbach's Alpha	Reliability
1	Factors influencing the customer's hotel selection	.867	86.7%
2	Important elements of the ambience according to the customers	.843	84.3%
3	All five Senses	.944	94.4%
3	Visual Factors	.855	85.5%
4	Audio Factors	.856	85.6%
5	Olfactory Factors	.819	81.9%
6	Tactile Factors	.824	82.4%
7	Gustative Factors	.767	76.7%

4.2Demographic Profile of the Respondents

Table 4.1 Gender of the Respondents

			Gender		Total
			Male	Female	
Hotel	DOLPHIN HOTEL	Count	90	10	100
		% within Gender	14.6%	5.5%	12.5%
	TAJ VIVANTA	Count	75	25	100
		% within Gender	12.2%	13.7%	12.5%
	GREENPARK VIZAG	Count	67	33	100
		% within Gender	10.9%	18.0%	12.5%
	ACCOR NOVOTEL	Count	68	32	100
		% within Gender	11.0%	17.5%	12.5%
	ITC PARK VALLABA	Count	87	13	100
		% within Gender	14.1%	7.1%	12.5%
	GREENPARK	Count	81	19	100
		% within Gender	13.1%	10.4%	12.5%
	TAJ RESIDENCY	Count	65	35	100
		% within Gender	10.5%	19.1%	12.5%
	ACCOR NOVOTEL VIZAG	Count	84	16	100
		% within Gender	13.6%	8.7%	12.5%
Total		Count	617	183	800
		% within Gender	100.0%	100.0%	100.0%

Fig 4.0 Gender of the Respondents

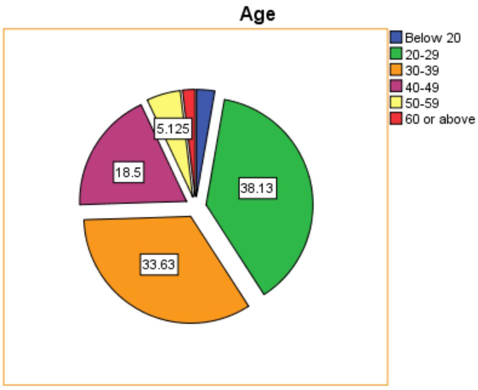


Here we see that out of 800 four and five star hotel customers considered for the study there are 617 i.e. 77.13% males and 183 i.e. 22.88% females.

Table 4.2 Age of the Respondents

			Age						Total
			Below 20	20-29	30-39	40-49	50-59	60 or above	
Hotel	DOLPHIN HOTEL	Count	1	33	47	17	2	0	100
		% within Age	4.5%	10.8%	17.5%	11.5%	4.9%	0.0%	12.5%
	TAJ VIVANTA	Count	0	31	38	22	7	2	100
		% within Age	0.0%	10.2%	14.1%	14.9%	17.1%	13.3%	12.5%
	GREENPARK VIZAG	Count	11	45	24	14	5	1	100
		% within Age	50.0%	14.8%	8.9%	9.5%	12.2%	6.7%	12.5%
	ACCOR NOVOTEL	Count	3	31	41	8	14	3	100
		% within Age	13.6%	10.2%	15.2%	5.4%	34.1%	20.0%	12.5%
	ITC PARK VALLABA	Count	2	56	25	9	3	5	100
		% within Age	9.1%	18.4%	9.3%	6.1%	7.3%	33.3%	12.5%
	GREENPARK	Count	0	37	23	38	1	1	100
		% within Age	0.0%	12.1%	8.6%	25.7%	2.4%	6.7%	12.5%
	TAJ RESIDENCY	Count	5	49	31	10	4	1	100
		% within Age	22.7%	16.1%	11.5%	6.8%	9.8%	6.7%	12.5%
	ACCOR NOVOTEL VIZAG	Count	0	23	40	30	5	2	100
		% within Age	0.0%	7.5%	14.9%	20.3%	12.2%	13.3%	12.5%
Total		Count	22	305	269	148	41	15	800
		% within Age	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Fig 4.1 Age of the Respondents

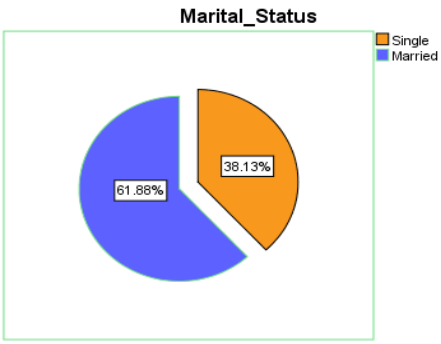


This table presents the age of the respondents; maximum of the respondents i.e. 305 i.e. 38.13%, 269 i.e. 33.63% and 148 i.e. 18.5% belonged to the 20-29, 30-39 and 40-49 age group respectively.

Table 4.3 Marital Status of the Respondents

			Marital Status		Total
			Single	Married	
Hotel	DOLPHIN HOTEL	Count	41	59	100
		% within Marital Status	13.4%	11.9%	12.5%
	TAJ VIVANTA	Count	34	66	100
		% within Marital Status	11.1%	13.3%	12.5%
	GREENPARK VIZAG	Count	48	52	100
		% within Marital Status	15.7%	10.5%	12.5%
	ACCOR NOVOTEL	Count	35	65	100
		% within Marital Status	11.5%	13.1%	12.5%
	ITC PARK VALLABA	Count	47	53	100
		% within Marital Status	15.4%	10.7%	12.5%
	GREENPARK	Count	38	62	100
		% within Marital Status	12.5%	12.5%	12.5%
	TAJ RESIDENCY	Count	44	56	100
		% within Marital Status	14.4%	11.3%	12.5%
	ACCOR NOVOTEL VIZAG	Count	18	82	100
		% within Marital Status	5.9%	16.6%	12.5%
Total		Count	305	495	800
		% within Marital Status	100.0%	100.0%	100.0%

Fig. 4.2 Marital Status of the Respondents

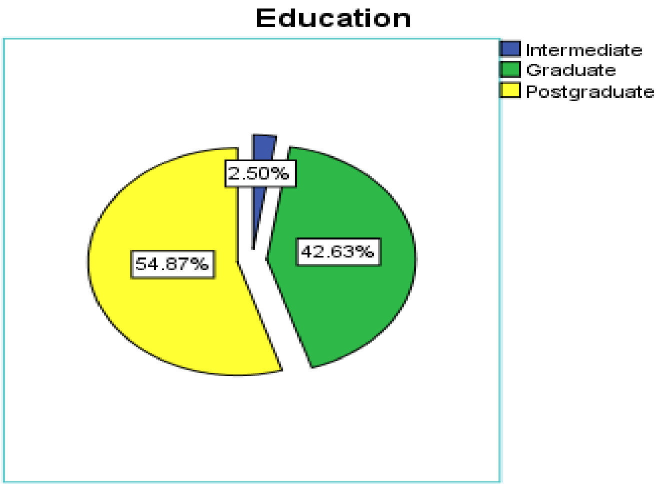


This table presents the marital status of the respondents; 495 i.e. 61.88% of the total respondents were married.

Table 4.4 Educational Profile of the Respondents

			Education			Total
			Intermediate	Graduate	Postgraduate	
Hotel	DOLPHIN HOTEL	Count	2	63	35	100
		% within Education	10.0%	18.5%	8.0%	12.5%
	TAJ VIVANTA	Count	1	40	59	100
		% within Education	5.0%	11.7%	13.4%	12.5%
	GREENPARK VIZAG	Count	5	52	43	100
		% within Education	25.0%	15.2%	9.8%	12.5%
	ACCOR NOVOTEL	Count	5	38	57	100
		% within Education	25.0%	11.1%	13.0%	12.5%
	ITC PARK VALLABA	Count	2	34	64	100
		% within Education	10.0%	10.0%	14.6%	12.5%
	GREENPARK	Count	0	22	78	100
		% within Education	0.0%	6.5%	17.8%	12.5%
	TAJ RESIDENCY	Count	5	51	44	100
		% within Education	25.0%	15.0%	10.0%	12.5%
	ACCOR NOVOTEL VIZAG	Count	0	41	59	100
		% within Education	0.0%	12.0%	13.4%	12.5%
Total		Count	20	341	439	800
		% within Education	100.0%	100.0%	100.0%	100.0%

Fig 4.3 Educational Profile of the Respondents



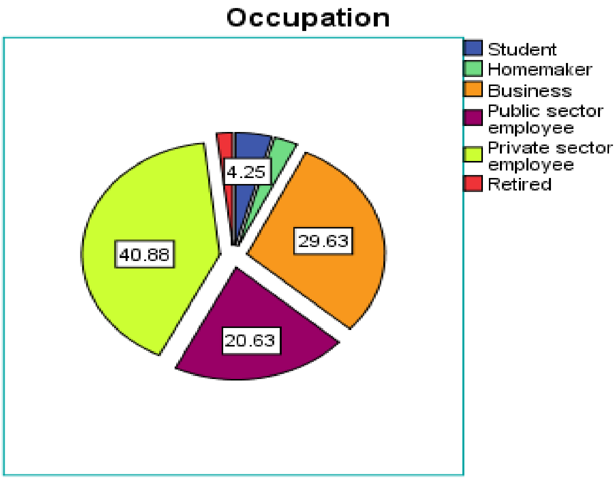
This table presents the educational profile of the respondents; 439 i.e. 54.87% and 341 i.e. 42.63% of the total respondents are postgraduates and graduates.

Table 4.5 Occupation of the Respondents

			Occupation						Total
			1	2	3	4	5	6	
Hotel	FORTUNE INN SREE KANYA	Count	2	1	59	21	16	1	100
		% within Hotel	2.0%	1.0%	59.0%	21.0%	16.0%	1.0%	100.0%
	TAJ VIVANTA	Count	1	1	35	15	47	1	100
		% within Hotel	1.0%	1.0%	35.0%	15.0%	47.0%	1.0%	100.0%
	GREENPARK VIZAG	Count	10	1	23	17	48	1	100
		% within Hotel	10.0%	1.0%	23.0%	17.0%	48.0%	1.0%	100.0%
	ACCOR NOVOTEL	Count	8	3	15	20	48	6	100
		% within Hotel	8.0%	3.0%	15.0%	20.0%	48.0%	6.0%	100.0%
	ITC PARK VALLABA	Count	5	5	20	19	47	4	100
		% within Hotel	5.0%	5.0%	20.0%	19.0%	47.0%	4.0%	100.0%
	GREENPARK	Count	2	1	16	34	46	1	100
		% within Hotel	2.0%	1.0%	16.0%	34.0%	46.0%	1.0%	100.0%
	TAJ RESIDENCY	Count	6	7	31	19	36	1	100
		% within Hotel	6.0%	7.0%	31.0%	19.0%	36.0%	1.0%	100.0%
	ACCOR NOVOTEL VIZAG	Count	0	3	38	20	39	0	100
		% within Hotel	0.0%	3.0%	38.0%	20.0%	39.0%	0.0%	100.0%
Total		Count	34	22	237	165	327	15	800
		% within Hotel	4.2%	2.8%	29.6%	20.6%	40.9%	1.9%	100.0%

Occupation: 1= Student, 2 = Homemaker, 3 = Business, 4 = Employed in Public Sector, 5 = Employed in Private Sector, 6 = Retired

Fig 4.4 Occupation of the Respondents



This table presents the occupation of the respondents; 237 i.e. 29.63% and 327 i.e. 40.88% of the total respondents are respectively involved in business and employed in Private Sector.

Table 4.6 Monthly Income of the Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 25,000	83	10.4	10.4	10.4
25,001 - 50,000	209	26.1	26.1	36.5
50,001 - 75,000	191	23.9	23.9	60.4
75,001 - 1,00,000	128	16.0	16.0	76.4
over 1,00,000	189	23.6	23.6	100.0
Total	800	100.0	100.0	

Fig 4.5 Monthly Income of the Respondents

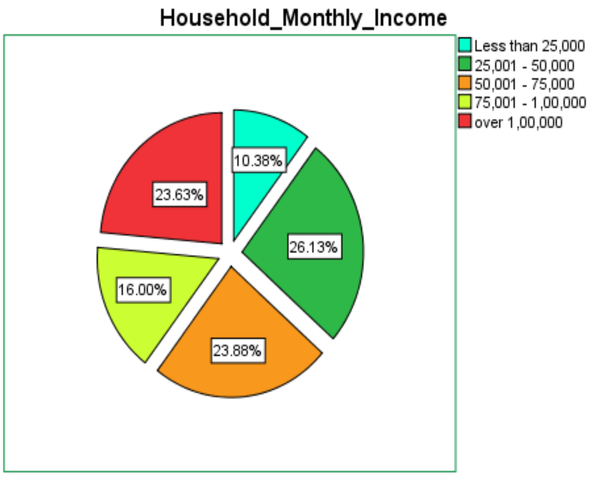
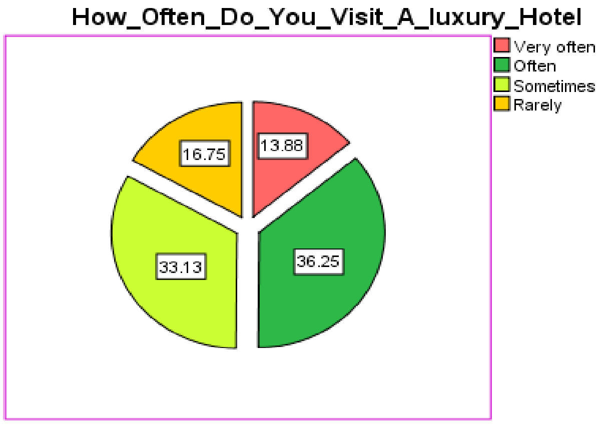


Table 4.7 Frequency of Visit of the Respondents

			Frequency of Visit to a Luxury Hotel				Total
			Very often	Often	Sometimes	Rarely	
Hotel	DOLPHIN HOTEL	Count	11	55	23	11	100
		% within Hotel	11.0%	55.0%	23.0%	11.0%	100.0%
	TAJ VIVANTA	Count	22	38	33	7	100
		% within Hotel	22.0%	38.0%	33.0%	7.0%	100.0%
	GREENPARK VIZAG	Count	11	30	34	25	100
		% within Hotel	11.0%	30.0%	34.0%	25.0%	100.0%
	ACCOR NOVOTEL	Count	15	26	34	25	100
		% within Hotel	15.0%	26.0%	34.0%	25.0%	100.0%
	ITC PARK VALLABA	Count	21	27	29	23	100
		% within Hotel	21.0%	27.0%	29.0%	23.0%	100.0%
	GREENPARK	Count	2	24	51	23	100
		% within Hotel	2.0%	24.0%	51.0%	23.0%	100.0%
	TAJ RESIDENCY	Count	15	37	31	17	100
		% within Hotel	15.0%	37.0%	31.0%	17.0%	100.0%
	ACCOR NOVOTEL VIZAG	Count	14	53	30	3	100
		% within Hotel	14.0%	53.0%	30.0%	3.0%	100.0%
Total		Count	111	290	265	134	800
		% within Hotel	13.9%	36.2%	33.1%	16.8%	100.0%

Fig 4.6 Frequency of Visit of the Respondents



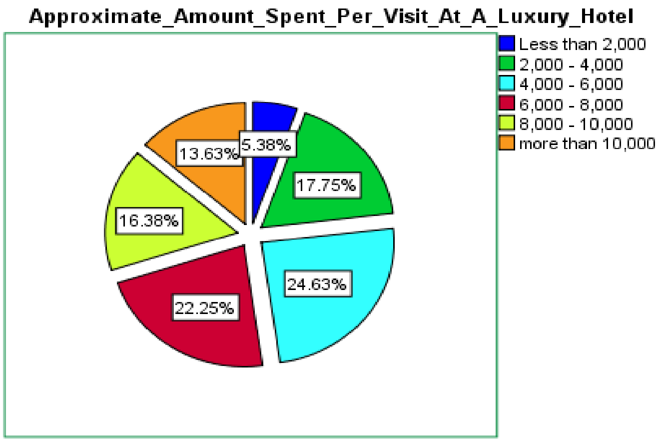
This table presents the frequency of visit of the respondents; 36.25% and 33.13% of the total respondents visit the hotel often and sometimes respectively.

Table 4.8 Approximate Amount Spent by the Respondents per Visit

			Amount Spent Per Visit At A Luxury Hotel						Total
			1	2	3	4	5	6	
Hotel	DOLPHIN HOTEL	Count	2	28	35	19	12	4	100
		% within Hotel	2.0%	28.0%	35.0%	19.0%	12.0%	4.0%	100.0%
	TAJ VIVANTA	Count	1	4	16	28	25	26	100
		% within Hotel	1.0%	4.0%	16.0%	28.0%	25.0%	26.0%	100.0%
	GREENPARK VIZAG	Count	9	20	19	25	20	7	100
		% within Hotel	9.0%	20.0%	19.0%	25.0%	20.0%	7.0%	100.0%
	ACCOR NOVOTEL	Count	7	23	34	11	10	15	100
		% within Hotel	7.0%	23.0%	34.0%	11.0%	10.0%	15.0%	100.0%
	ITC PARK VALLABA	Count	10	17	10	19	12	32	100
		% within Hotel	10.0%	17.0%	10.0%	19.0%	12.0%	32.0%	100.0%
	GREENPARK	Count	7	21	30	18	15	9	100
		% within Hotel	7.0%	21.0%	30.0%	18.0%	15.0%	9.0%	100.0%
	TAJ RESIDENCY	Count	5	13	24	21	22	15	100
		% within Hotel	5.0%	13.0%	24.0%	21.0%	22.0%	15.0%	100.0%
	ACCOR NOVOTEL VIZAG	Count	2	16	29	37	15	1	100
		% within Hotel	2.0%	16.0%	29.0%	37.0%	15.0%	1.0%	100.0%
Total		Count	43	142	197	178	131	109	800
		% within Hotel	5.4%	17.8%	24.6%	22.2%	16.4%	13.6%	100.0%

1= Less than 2,000; 2= 2,000 - 4,000; 3= 4,000 - 6,000; 4= 6,000 - 8,000; 5=8,000 - 10,000; 6= more than 10,000

Fig 4.7 Approximate Amount Spent by the Respondents per Visit



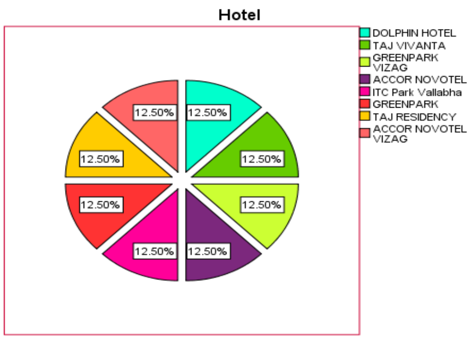
This table presents the approximate amount spent per visit at a luxury hotel by the respondents; it can be noted that 24.63% of the respondents spend 6,000 – 8,000 and 22.25% of the total respondents spend 4,000 – 6,000.

Table 4.9 Hotels Considered for the Study

S. No.	Name of the Hotel	Category	Number of customers - Proposed	Number of customers - Actual	Data Loss
1	Taj Vivanta	5 Star	100	100	Nil
2	Accor Novotel	5 Star	100	100	
3	Greenpark	4 Star	100	100	
4	Fortune Park Vallabha	4 Star	100	100	
			Vishakhapatnam		
5	Taj Residency	5 Star	100	100	Nil
6	Accor Novotel	5 Star	100	100	
7	Greenpark	4 Star	100	100	
8	Fortune Inn Sree Kanya	4 Star	100	100	
Total	Eight Hotels		800	800	Nil

(Source: Compiled by researcher)

Fig 4.8 Hotels Considered for the Study



This study considers 100 guests from each of the select hotels, making a total of 800 guests as respondents.

4.3 Ranks Assigned to Factors that Influence the Selection of a Hotel

Table 4.10 Ranks Assigned to Factors that Influence the Selection of a Hotel

	N	Minimum	Maximum	Sum	Std. Deviation	Mean	Rank
Past Experience	800	1	5	3114	1.084	3.89	**8**
Budget	800	1	5	3141	.969	3.93	**7**
Discounts	800	1	5	3034	.997	3.79	**11**
Amenities	800	1	5	3220	.903	4.02	**6**
Hotel Reputation	800	1	5	3271	.893	4.09	**4**
Recommendations	800	1	5	3107	.955	3.88	**9**
Online Reviews	800	1	5	2965	1.017	3.71	**12**
Advertisement	800	1	5	2912	1.018	3.64	**13**
Influence of Location	800	1	5	3244	.906	4.06	**5**
Regular Visitor Here	800	1	5	3039	1.011	3.80	**10**
Service	800	1	5	3386	.877	4.23	**3**
Food	800	1	5	3391	.886	4.24	**2**
Atmosphere	800	1	5	3445	.836	4.31	**1**

As seen from the table above, the customers pay the highest importance to the influence of Atmosphere which is ranked first with the highest mean of 4.31. Food is ranked second with the second highest mean of 4.24. It is followed by Service with a mean of 4.23 and Hotel Reputation with a mean of 4.09. The factor that is ranked fifth is Location which is generally said to be the most deciding factor. Amenities of the hotel are ranked sixth. The study shows the Budget, Past Experience, recommendation, regular visitor here, ranked seven, eight, nine and ten respectively. Discounts, Online Review and Advertisements have been ranked the lowest influencing factors.

4.4 Ranks Assigned to the Important Elements of the Ambience in a Luxury Hotel

Table 4.11 Ranks Assigned to the Important Elements of the Ambience in a Luxury Hotel

	N	Minimum	Maximum	Sum	Std. Deviation	Mean	Rank
Colour Scheme	800	1	5	2902	.981	3.63	**12**
Ambience Fragrance	800	1	5	3107	.901	3.88	**8**
Music Played	800	1	5	3090	.886	3.86	**9**
Décor	800	1	5	3210	.831	4.01	**5**
Layout	800	1	5	3203	.833	4.00	**6**
Cleanliness	800	1	5	3391	.831	4.24	**1**
Lighting Effect	800	1	5	3218	.837	4.02	**4**
In House Advertisement	800	1	5	2869	1.067	3.59	**13**
Upholstery	800	1	5	3081	.885	3.85	**10**
Temperature	800	1	5	3184	.875	3.98	**7**
Ventilation	800	1	5	3279	.854	4.10	**3**
Open Kitchen	800	1	5	3031	.996	3.79	**11**
Uniform and Grooming of the Staff	800	1	5	3319	.904	4.15	**2**

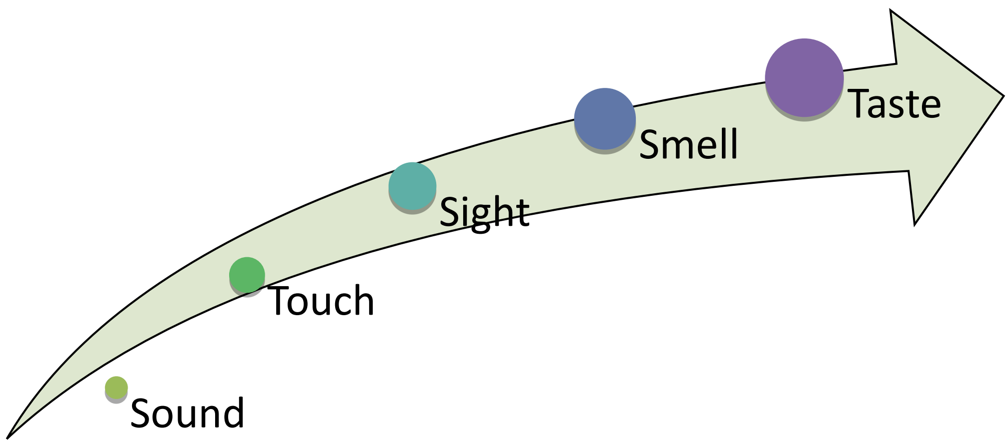
As seen from the table above, the customers consider Cleanliness to be the highest important ambience element, it is ranked first with the highest mean of 4.24. Uniform and grooming of the staff is ranked second with the second highest mean of 4.15. It is followed by Ventilation with a mean of 4.10 and Lighting effect with a mean of 4.02. The factor that is ranked fifth, sixth and seventh are Decor, Layout and Temperature with a mean of 4.01, 4.00 and 3.98 respectively. The study shows the Ambience Fragrance, Music Played, Upholstery and open kitchen, ranked as eight, nine, ten and eleven respectively. The lowest importance is given to Colour Scheme and In House Advertisements with a mean of 3.63 and 3.59 respectively.

4.5 Ranks Assigned to the Five Senses

Table 4.12 Ranks Assigned to the Five Senses

	N	Minimum	Maximum	Sum	Std. Deviation	Mean	Rank
Sight	800	1	5	3272	.907	4.09	**3**
Sound	800	1	5	3140	.896	3.93	**5**
Smell	800	1	5	3321	.842	4.15	**2**
Touch	800	1	5	3244	.852	4.05	**4**
Taste	800	1	5	3457	.830	4.32	**1**

Fig 4.9 Ranks Assigned to the Five Senses



The above table reveals the ranks for all hotels collectively. Gustative sense is ranked first with the highest mean of 4.32. Olfactory dimension is ranked second important sense with the mean of 4.15. This is followed by Visual Sense with a mean of 4.09, Tactile dimension with a mean of 4.05. The dimension that is ranked fifth is the Auditory sense with a mean of 3.93.

Table 4.13 Influence of Type of Music Played and the duration of time spent in the Hotel with relation to Age

			Type of Music influences the duration of time spent in the Hotel					Total
			1	2	3	4	5	
AGE	Below 20	Count	1	2	2	6	11	22
		% within Age	4.5%	9.1%	9.1%	27.3%	50.0%	100.0%
	20-29	Count	9	21	89	132	54	305
		% within Age	3.0%	6.9%	29.2%	43.3%	17.7%	100.0%
	30-39	Count	3	11	80	123	52	269
		% within Age	1.1%	4.1%	29.7%	45.7%	19.3%	100.0%
	40-49	Count	8	12	33	58	37	148
		% within Age	5.4%	8.1%	22.3%	39.2%	25.0%	100.0%
	50-59	Count	2	2	13	14	10	41
		% within Age	4.9%	4.9%	31.7%	34.1%	24.4%	100.0%
	60 or above	Count	1	0	5	3	6	15
		% within Age	6.7%	0.0%	33.3%	20.0%	40.0%	100.0%
Total		Count	24	48	222	336	170	800
		% within Age	3.0%	6.0%	27.8%	42.0%	21.2%	100.0%

The table above presents the influence of type of music played in the hotel and the duration of time spent by the guests in the hotel in relation to their age. It can be noted that 336 and 170 of the respondents agree and strongly agree that the type of music played in the hotel influences them and the duration of their time spent in the hotel. 186 respondents belonging to the age group 20-29 agree and strongly agree and 175 respondents belonging to the age group 30-39 agree and strongly agree to the statement. This shows that the respondents agree that the type of music played influences their duration of time spent in the hotel. Makin age and music strong favourable influencing factors for the hotel.

Table 4.14 Influence of Online Reviews on Age While Selecting a Hotel

			Influence Of Online Reviews					Total
			1	2	3	4	5	
Age	Below 20	Count	1	0	5	8	8	22
		% within Age	4.5%	0.0%	22.7%	36.4%	36.4%	100.0%
	20-29	Count	16	27	97	98	67	305
		% within Age	5.2%	8.9%	31.8%	32.1%	22.0%	100.0%
	30-39	Count	4	13	57	134	61	269
		% within Age	1.5%	4.8%	21.2%	49.8%	22.7%	100.0%
	40-49	Count	5	15	45	53	30	148
		% within Age	3.4%	10.1%	30.4%	35.8%	20.3%	100.0%
	50-59	Count	0	6	12	7	16	41
		% within Age	0.0%	14.6%	29.3%	17.1%	39.0%	100.0%
	60 or above	Count	1	0	4	4	6	15
		% within Age	6.7%	0.0%	26.7%	26.7%	40.0%	100.0%
Total		Count	27	61	220	304	188	800
		% within Age	3.4%	7.6%	27.5%	38.0%	23.5%	100.0%

The table above presents the influence of online review on age while selecting a hotel. It can be noted that 304 and 188 of the respondents agree and strongly agree that they consider online review during the selection of a hotel. 165 respondents belonging to the age group 20-29 agree and strongly agree and 195 respondents belonging to the age group 30-39 agree and strongly agree to the statement that online reviews of the hotel influences them. This shows that the online reviews of the hotels influences the respondents during the selection of the hotel.

4.6Hypothesis Testing

4.6.1 Hypothesis 1 - Sensory Experience Contributes to Customer Satisfaction in the Hotel

Table 4.15 Sensory Experience Contributes to Customer Satisfaction in the Hotel

			Total Experience in Luxury Hotel is Satisfying					Total
			1	2	3	4	5	
Hotel	FORTUNE INN SREE KANYA	Count	1	0	29	48	22	100
		% within Hotel	1.0%	0.0%	29.0%	48.0%	22.0%	100.0%
	TAJ VIVANTA	Count	1	5	31	31	32	100
		% within Hotel	1.0%	5.0%	31.0%	31.0%	32.0%	100.0%
	GREENPARK VIZAG	Count	2	6	23	45	24	100
		% within Hotel	2.0%	6.0%	23.0%	45.0%	24.0%	100.0%
	ACCOR NOVOTEL	Count	0	4	25	52	19	100
		% within Hotel	0.0%	4.0%	25.0%	52.0%	19.0%	100.0%
	ITC PARK VALLABHA	Count	0	0	15	60	25	100
		% within Hotel	0.0%	0.0%	15.0%	60.0%	25.0%	100.0%
	GREENPARK	Count	1	2	20	51	26	100
		% within Hotel	1.0%	2.0%	20.0%	51.0%	26.0%	100.0%
	TAJ RESIDENCY	Count	2	3	19	37	39	100
		% within Hotel	2.0%	3.0%	19.0%	37.0%	39.0%	100.0%
	ACCOR NOVOTEL VIZAG	Count	1	1	19	53	26	100
		% within Hotel	1.0%	1.0%	19.0%	53.0%	26.0%	100.0%
Total		Count	8	21	181	377	213	800
		% within Hotel	1.0%	2.6%	22.6%	47.1%	26.6%	100.0%

From the above given table it is found that 73.7% of the total respondents agree and strongly agree that their total experience in the Luxury Hotel is Satisfying. Whereas, 22.6% of the total respondents neither disagree nor agree to this statement and 3.6% of the total respondents disagree that their total experience in the Luxury Hotel is Satisfying. 70% of the respondents from Fortune Inn Sree Kanya, Vishakhapatnam agreed that the total experience in the Hotel is Satisfying and 29% of the respondents neither disagree nor agree to this statement. In the case of Taj Vivanta, Hyderabad 63% agree and 31% neither disagree nor agree to this statement. At the Greenpark, Vishakhapatnam 69% of the respondents agreed and 23% neither disagree nor agree to this statement. For Accor Novotel, Kondapur 71% of the respondents agreed and 25% of the respondents neither disagree nor agree to this statement. In the case of ITC Park Vallabha, Hyderabad 85% of the respondents agreed and 15% of the respondents neither disagree nor agree to this statement. At the Greenpark, Hyderabad 77% of the respondents agreed and 20% neither disagree nor agree to this statement. 76% of the respondents from Taj Residency, Vishakhapatnam agreed that the total experience in the Hotel is Satisfying and 19% of the respondents neither disagree nor agree to this statement. For Accor Novotel, Vishakhapatnam 79% of the respondents agreed and 19% of the respondents neither disagree nor agree to this statement.

Table 4.16 Chi-Square Test of Sensory Experience Contributes to Customer Satisfaction in the Hotel

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	49.944[a]	28	.007
Likelihood Ratio	55.406	28	.002
Linear-by-Linear Association	6.529	1	.011
N of Valid Cases	800		

From the above table it is observed that the Chi-Square test, df = 28 at 5 % level of significance is 49.944 and the table value is 41.337. As the calculated value is greater than the table value (49.944 > 41.337), the null hypothesis is rejected and it is concluded that sensory experience does contribute to customer satisfaction in the hotel.

4.6.2 Factor Analysis as Applied to the Factors that Influence the Selection of a Hotel

Table 4.17 KMO and Bartlett's Test of the Factors that Influence the Selection of a Hotel

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.815
Bartlett's Test of Sphericity	Approx. Chi-Square	2340.544
	Df	36
	Sig.	.000

Factor analysis is run to explore the factors that are regarded influencing during the selection of a hotel. As a first step the researcher has validated the data collected on ordinal scaling by the KMO test for measuring of validation and the sampling adequacy. This measure varies between 0 to1 and values closer to 1 are better. A value of 0.6 is suggested minimum and in this study the KMO value is 0.815.

For Bartlett's test of Sphericity the null hypothesis the correlation matrix is an identity matrix. An identity matrix, is a matrix in which all of the diagonal elements are one and all off diagonal elements are zero. The researcher rejects this null hypothesis. Taken together, these tests provide a minimum standard which should be passed before Factor Analysis is conducted. The factors that are extracted based on the responses of the customer which help in narrowing down the factors from a total of 13 variables to 3components.

Table 4.18 Total Variance Explained of the Factors that Influence the Selection of a Hotel

Total Variance Explained									
Component	**Initial Eigen values**			**Extraction Sums of Squared Loadings**			**Rotation Sums of Squared Loadings**		
	Total	**% of Variance**	**Cumulative %**	**Total**	**% of Variance**	**Cumulative %**	**Total**	**% of Variance**	**Cumulative %**
1	3.727	41.412	41.412	3.727	41.412	41.412	2.332	25.916	25.916
2	1.410	15.669	57.081	1.410	15.669	57.081	2.228	24.755	50.671
3	1.038	11.538	68.619	1.038	11.538	68.619	1.615	17.948	68.619
4	.618	6.868	75.487						
5	.553	6.142	81.629						
6	.469	5.208	86.837						
7	.437	4.851	91.688						
8	.417	4.634	96.322						
9	.331	3.678	100.000						
Extraction Method: Principal Component Analysis.									

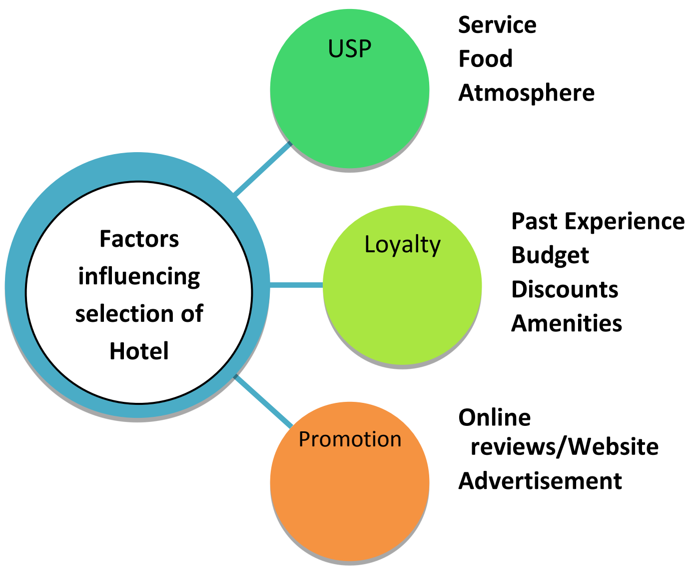
The thirteen questions related to the factors that Influence the Customer during Selection of a Hotel were analyzed using Principal Component Analysis with Varimax (orthogonal) Rotation. Looking form the rotated component matrix the analysis yields three factors explaining a total of 68.619% of the variance for the entire set of variables. Component 1 is labeled USP factors influencing the hotel selection due to the high loadings by the following items: Influence of Service (0.797), Influence of Food (0.831) and Influence of Atmosphere (0.812). This component explained 25.916% of the variance. The second component derived is labeled Loyalty factors influencing the hotel selection. This component was labeled as such due to the high loadings by the following factors: Influence of Past Experience (0.664), Influence of Budget (0.823), Influence of Discounts (0.767) and Influence of Amenities (0.606). The variance explained by this factor is 24.755%. Component three is labeled Promotion factors influencing the hotel selection due to the high loadings by the following items: Influence of Online reviews/Website (0.853), Influence of Advertisement (0.863). This component explained 17.948% of the variance.

Table 4.19 Components as Extracted from Factor Analysis for the Factors that Influence the Selection of a Hotel

Component	Factors in the component	Factor loading	Percentage variation (from rotation sums of squared loading)
Component 1 USP	Service	0.797	25.916
	Food	0.831	
	Atmosphere	0.812	
Component 2 Loyalty	Past Experience	0.664	24.755
	Budget	0.823	
	Discounts	0.767	
	Amenities	0.606	
Component 3 Promotion	Online reviews/Website	0.853	17.948
	Advertisement	0.863	
Total percent variation from rotation sums of squared loadings			**68.619**

(Source: Compiled by researcher)

Fig 4.10 Components as Extracted from Factor Analysis for the Factors that Influence the Selection of a Hotel



(Source: Compiled by researcher)

This means that the study has identified three factors influencing the customers selection of a

hotel - one influencing factor of hotel selection is USP (or not), second influencing factor of hotel selection is loyalty (or not) and third influencing factor of hotel selection is promotion (or not). These three patterns are independent of one another (i.e. they are not correlated).

4.6.3 Factor Analysis as Applied to the Important Elements of the Ambience in a Luxury Hotel

Table 4.20 KMO and Bartlett's Test of the Important Elements of the Ambience in a Luxury Hotel

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.829
Bartlett's Test of Sphericity	Approx. Chi-Square	2295.208
	df	55
	Sig.	.000

Factor analysis is run to explore the factors that are regarded important elements of the Ambience in a Luxury Hotel. The data collected on ordinal scaling is validated by the KMO test for measuring of validation and the sampling adequacy. This measure varies between 0 to1 and values closer to 1 are better. A value of 0.6 is suggested minimum and in this case the KMO value is 0.829.

For Bartlett's test of Sphericity the null hypothesis the correlation matrix is an identity matrix. An identity matrix is a matrix in which all of the diagonal elements are one and all off diagonal elements are zero. We want to reject this null hypothesis. Taken together, these tests provide a minimum standard which should be passed before Factor Analysis is conducted. The factors that are extracted based on the responses of the customer which help in narrowing down the factors from a total of 13 variables to 3components.

Table 4.21 Total Variance Explained of the Important Elements of the Ambience in a Luxury Hotel

Total Variance Explained									
Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.889	35.353	35.353	3.889	35.353	35.353	2.333	21.211	21.211
2	1.348	12.251	47.604	1.348	12.251	47.604	2.264	20.579	41.790
3	1.211	11.007	58.611	1.211	11.007	58.611	1.850	16.822	58.611
4	.835	7.588	66.200						
5	.704	6.397	72.597						
6	.624	5.675	78.272						
7	.567	5.155	83.427						
8	.530	4.822	88.249						
9	.465	4.228	92.478						
10	.430	3.905	96.382						
11	.398	3.618	100.000						
Extraction Method: Principal Component Analysis.									

The thirteen questions related to the important elements of the Ambience in a Luxury Hotel were analyzed using Principal Component Analysis with Varimax (orthogonal) Rotation. Looking form the rotated component matrix the analysis yields three factors explaining a total of 58.611% of the variance for the entire set of variables. The first Component is labeled Theme as an important element of the Ambience in a Luxury Hotel due to the high loadings by the following items: Colour Scheme (0.790), Ambience Fragrance (0.767), Music Played (0.703) and Décor (0.621). This component explained 21.211% of the variance. The second component derived is labeled Visual factors as an important element of the Ambience in a Luxury Hotel. This component was labeled as such due to the high loadings by the following factors: Cleanliness (0.764), Lighting Effect (0.624), Ventilation (0.694) and Uniform and

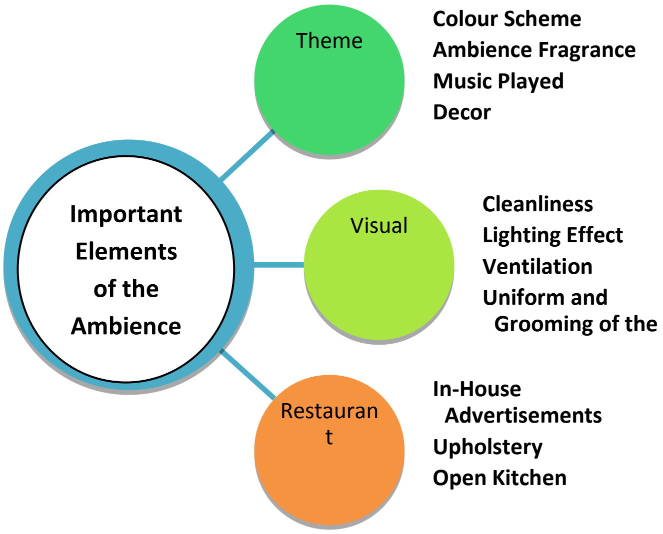
Grooming of the Staff (0.655). The variance explained by this factor is 20.579%. Component three is labeled Restaurant factors as an important element of the Ambience in a Luxury Hotel due to the high loadings by the following items: In-House Advertisements (0.817), Upholstery (0.676) and Open Kitchen (0.647). This component explained 16.822% of the variance.

Table 4.22 Components as Extracted from Factor Analysis for Important Elements of the Ambience in a Luxury Hotel

Component	Factors in the component	Factor loading	Percentage variation (from rotation sums of squared loading)
Component 1 Theme	Colour Scheme	0.790	21.211
	Ambience Fragrance	0.767	
	Music Played	0.703	
	Decor	0.621	
Component 2 Visual	Cleanliness	0.764	20.579
	Lighting Effect	0.624	
	Ventilation	0.694	
	Uniform and Grooming of the Staff	0.655	
Component 3 Restaurant	In-House Advertisements	0.817	16.822
	Upholstery	0.676	
	Open Kitchen	0.647	
Total percent variation from rotation sums of squared loadings			**58.611**

(Source: Compiled by researcher)

Fig 4.11 Components as Extracted from Factor Analysis for Important Elements of the Ambience in a Luxury Hotel



(Source: Compiled by researcher)

This means that the study has identified three important elements of the Ambience in a Luxury Hotel. First important element of the Ambience in a Luxury Hotel is Theme (or not), second important element of the Ambience in a Luxury Hotel is Visual (or not) and third important element of the Ambience in a Luxury Hotel is Restaurant (or not). These elements are independent of one another (i.e. they are not correlated).

4.6.4 Factor Analysis as Applied to the Existing Facts

Table 4.23 KMO and Bartlett's Test of the to the Existing Facts

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.847
Bartlett's Test of Sphericity	Approx. Chi-Square	2357.621
	df	28
	Sig.	.000

Factor analysis is run to explore the existing facts that are influencing the customers. The data collected on ordinal scaling is validated by the KMO test for measuring of validation and the sampling adequacy. This measure varies between 0 to1 and values closer to 1 are better. A value of 0.6 is suggested minimum and in this case the KMO value is 0.847.

For Bartlett’s test of Sphericity the null hypothesis the correlation matrix is an identity matrix. An identity matrix, is a matrix in which all of the diagonal elements are one and all off diagonal elements are zero. The research rejects this null hypothesis. Taken together, these tests provide a minimum standard which should be passed before Factor Analysis is conducted. The factors that are extracted based on the responses of the customer which help in narrowing down the factors from a total of 9 variables to 2 components.

Table 4.24 Total Variance Explained of the Existing Facts

Total Variance Explained									
Component	**Initial Eigen values**			**Extraction Sums of Squared Loadings**			**Rotation Sums of Squared Loadings**		
	Total	**% of Variance**	**Cumulative %**	**Total**	**% of Variance**	**Cumulative %**	**Total**	**% of Variance**	**Cumulative %**
1	3.670	45.881	45.881	3.670	45.881	45.881	2.800	34.995	34.995
2	1.485	18.566	64.447	1.485	18.566	64.447	2.356	29.452	64.447
3	.679	8.485	72.931						
4	.525	6.566	79.497						
5	.487	6.088	85.585						
6	.434	5.427	91.012						
7	.420	5.248	96.260						
8	.299	3.740	100.000						
Extraction Method: Principal Component Analysis.									

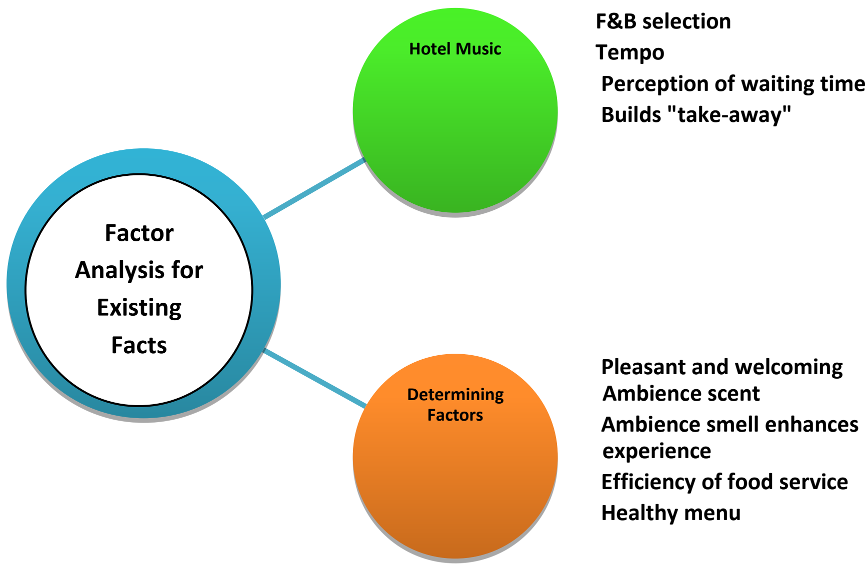
The nine questions related to the existing facts that influence the customers were analyzed using Principal Component Analysis with Varimax (orthogonal) Rotation. Looking form the rotated component matrix the analysis yields two factors explaining a total of 64.447% of the variance for the entire set of variables. The first Component is labeled Hotel Music. This component is labeled as such due to the high loadings by the following items: F&B selection (0.831), Tempo (0.876), Perception of waiting time (0.785) and Builds "take-away" (0.739). This component explained 34.995% of the variance. Second Component is labeled Determining Factors due to the high loadings by the following items: Pleasant and welcoming Ambience scent (0.699), Ambience smell enhances experience (0.762), Efficiency of food service (0.808) and Healthy menu (0.689). This component explained 29.452% of the variance.

Table 4.25 Components as Extracted from Factor Analysis for Existing Facts

Component	Factors in the component	Factor loading	Percentage variation (from rotation sums of squared loading)
Component 1 Hotel Music	Loud music influences my food and beverage selection	0.831	34.995
	Music tempo of the Luxury Hotel influences my dining speed	0.876	
	Music of the Luxury Hotel decreases perception of my waiting time	0.785	
	Music of the Luxury Hotel builds a positive "take-away" dining experience	0.739	
Component 2 Determining Factors	The ambience scent of the Luxury Hotel is pleasant and welcoming, which improves my mood	0.699	29.452
	The ambience smell enhances my Hotel experience	0.762	
	The efficiency of food service is a determining factor for me to visit the Hotel again	0.808	
	A healthy menu with nutritive value helps me in making the choice to order a dish	0.689	
Total percent variation from rotation sums of squared loadings			**64.447**

(Source: Compiled by researcher)

Fig 4.12 Components as Extracted from Factor Analysis for Existing Facts



(Source: Compiled by researcher)

This means that the study has identified two existing facts that are influencing the customers. First influencing factors is Hotel Music (or not), second influencing factors is Determining Factors (or not). These elements are independent of one another (i.e. they are not correlated).

4.7 Visual Factors

Table 4.26 Influence of Softened Lights on the Customers Which Increases their Well Being Sensation and the Time Spent at the Point of Sale

			Softened Lights Increases Well Being Sensation and Time Spent					Total
			1	2	3	4	5	
Hotel	FORTUNE INN SREE KANYA	Count	0	1	18	64	17	100
		% within Hotel	0.0%	1.0%	18.0%	64.0%	17.0%	100.0%
	TAJ VIVANTA	Count	2	7	37	41	13	100
		% within Hotel	2.0%	7.0%	37.0%	41.0%	13.0%	100.0%
	GREENPARK VIZAG	Count	2	11	21	44	22	100
		% within Hotel	2.0%	11.0%	21.0%	44.0%	22.0%	100.0%
	ACCOR NOVOTEL	Count	1	2	37	52	8	100
		% within Hotel	1.0%	2.0%	37.0%	52.0%	8.0%	100.0%
	ITC PARK VALLABA	Count	0	3	21	48	28	100
		% within Hotel	0.0%	3.0%	21.0%	48.0%	28.0%	100.0%
	GREENPARK	Count	1	5	29	47	18	100
		% within Hotel	1.0%	5.0%	29.0%	47.0%	18.0%	100.0%
	TAJ RESIDENCY	Count	6	10	18	47	19	100
		% within Hotel	6.0%	10.0%	18.0%	47.0%	19.0%	100.0%
	ACCOR NOVOTEL VIZAG	Count	3	5	18	55	19	100
		% within Hotel	3.0%	5.0%	18.0%	55.0%	19.0%	100.0%
Total		Count	15	44	199	398	144	800
		% within Hotel	1.9%	5.5%	24.9%	49.8%	18.0%	100.0%

From the above given table it is found that 67.8% of the total respondents agree that the softened lights increases their well being sensation and time spent at a point of sale. Whereas, 24.9% of the total respondents neither disagree nor agree to this statement and 7.4% of the total respondents disagree and strongly disagree to this statement. 81% of the respondents from Fortune Inn Sree Kanya, Vishakhapatnam agreed that the softened lights increases their well being sensation and time spent at a point of sale and 18% of the respondents neither disagree nor agree to this statement. In the case of Taj Vivanta, Hyderabad 54% agree and 37% neither disagree nor agree to this statement. At the Greenpark, Vishakhapatnam 66% of the respondents agreed and 21% neither disagree nor agree to this statement. For Accor Novotel, Kondapur 60% of the respondents agreed and 37% of the respondents neither disagree nor agree to this statement. In the case of ITC Park Vallabha, Hyderabad 76% of the respondents agreed and 21% of the respondents neither disagree nor agree to this statement. At the Greenpark, Hyderabad 65% of the respondents agreed and 29% neither disagree nor agree to this statement. 66% of the respondents from Taj Residency, Vishakhapatnam agreed that the softened lights increases their well being sensation and time spent at a point of sale and 18% of the respondents neither disagree nor agree to this statement. For Accor Novotel, Vishakhapatnam 74% of the respondents agreed and 18% of the respondents neither disagree nor agree to this statement. The Chi-Square calculated value at df=28 at 5 % level of significance is 71.335 and the table value is 41.337. As the calculated value is greater than the table value (71.335 > 41.337), the null hypothesis is rejected and it is concluded that the soften lights increases the customer's well being sensation and their time spent at a point of sale.

Table 4.27 The Ambience Colour Scheme of the Hotel Favourably Stimulates the Customers

			The Ambience Colour Scheme Favourably Stimulates					Total
			1	2	3	4	5	
Hotel	FORTUNE INN SREE KANYA	Count	0	0	33	47	20	100
		% within Hotel	0.0%	0.0%	33.0%	47.0%	20.0%	100.0%
	TAJ VIVANTA	Count	0	7	28	35	30	100
		% within Hotel	0.0%	7.0%	28.0%	35.0%	30.0%	100.0%
	GREENPARK VIZAG	Count	2	8	20	44	26	100
		% within Hotel	2.0%	8.0%	20.0%	44.0%	26.0%	100.0%
	ACCOR NOVOTEL	Count	2	0	36	41	21	100
		% within Hotel	2.0%	0.0%	36.0%	41.0%	21.0%	100.0%
	ITC PARK VALLABA	Count	0	3	14	56	27	100
		% within Hotel	0.0%	3.0%	14.0%	56.0%	27.0%	100.0%
	GREENPARK	Count	1	4	19	50	26	100
		% within Hotel	1.0%	4.0%	19.0%	50.0%	26.0%	100.0%
	TAJ RESIDENCY	Count	2	6	13	41	38	100
		% within Hotel	2.0%	6.0%	13.0%	41.0%	38.0%	100.0%
	ACCOR NOVOTEL VIZAG	Count	3	3	22	45	27	100
		% within Hotel	3.0%	3.0%	22.0%	45.0%	27.0%	100.0%
Total		Count	10	31	185	359	215	800
		% within Hotel	1.2%	3.9%	23.1%	44.9%	26.9%	100.0%

From the above given table it is found that 71.8% of the total respondents agree that the ambience colour scheme favourably stimulates them. Whereas, 23.1% of the total respondents neither disagree nor agree to this statement and 5.1% of the total respondents disagree and strongly disagree to this statement. 67% of the respondents from Fortune Inn Sree Kanya, Vishakhapatnam agreed that the ambience colour scheme favourably stimulates them and 33% of the respondents neither disagree nor agree to this statement. In the case of Taj Vivanta, Hyderabad 65% agreed and 28% neither disagree nor agree to this statement. At the Greenpark, Vishakhapatnam 70% of the respondents agreed and 20% neither disagree nor agree to this statement. For Accor Novotel, Kondapur 62% of the respondents agreed and 36% of the respondents neither disagree nor agree to this statement. In the case of ITC Park Vallabha, Hyderabad 83% of the respondents agreed and 14% of the respondents neither disagree nor agree to this statement. At the Greenpark, Hyderabad 76% of the respondents agreed and 19% neither disagree nor agree to this statement. 79% of the respondents from Taj Residency, Vishakhapatnam agreed that the ambience colour scheme favourably stimulates them and 13% of the respondents neither disagree nor agree to this statement. For Accor Novotel, Vishakhapatnam 72% of the respondents agreed and 22% of the respondents neither disagree nor agree to this statement. The Chi-Square calculated value at df=28 at 5 % level of significance is 59.859 and the table value is 41.337. As the calculated value is greater than the table value (59.859 > 41.337), the null hypothesis is rejected and it is concluded that the ambience colour scheme favourably stimulates the customers.

4.7.1 Hypothesis 2a - The Visual Appeal of Food Attracts Customer towards Food

Table 4.28 The Ambience Colour Scheme Favourably Stimulates

			Colour Appearance of Food Attracts and Attribute to Edibility					Total
			1	2	3	4	5	
Hotel	FORTUNE INN SREE KANYA	Count	0	1	33	44	22	100
		% within Hotel	0.0%	1.0%	33.0%	44.0%	22.0%	100.0%
	TAJ VIVANTA	Count	2	1	35	34	28	100
		% within Hotel	2.0%	1.0%	35.0%	34.0%	28.0%	100.0%
	GREENPARK VIZAG	Count	2	3	23	39	33	100
		% within Hotel	2.0%	3.0%	23.0%	39.0%	33.0%	100.0%
	ACCOR NOVOTEL	Count	0	3	30	42	25	100
		% within Hotel	0.0%	3.0%	30.0%	42.0%	25.0%	100.0%
	ITC PARK VALLABA	Count	0	2	18	40	40	100
		% within Hotel	0.0%	2.0%	18.0%	40.0%	40.0%	100.0%
	GREENPARK	Count	1	2	20	51	26	100
		% within Hotel	1.0%	2.0%	20.0%	51.0%	26.0%	100.0%
	TAJ RESIDENCY	Count	2	2	27	30	39	100
		% within Hotel	2.0%	2.0%	27.0%	30.0%	39.0%	100.0%
	ACCOR NOVOTEL VIZAG	Count	1	3	20	46	30	100
		% within Hotel	1.0%	3.0%	20.0%	46.0%	30.0%	100.0%
Total		Count	8	17	206	326	243	800
		% within Hotel	1.0%	2.1%	25.8%	40.8%	30.4%	100.0%

From the above given table it is found that 71.2% of the total respondents agree that the visual appeal of food attracts them towards the food. Whereas, 25.8% of the total respondents neither disagree nor agree to this statement and 3.1% of the total respondents disagree and strongly disagree to this statement. 66% of the respondents from Fortune Inn Sree Kanya, Vishakhapatnam agreed that the visual appeal of food attracts them towards the food and 33% of the respondents neither disagree nor agree to this statement. In the case of Taj Vivanta, Hyderabad 62% agreed and 35% neither disagree nor agree to this statement. At the Greenpark, Vishakhapatnam 72% of the respondents agreed and 23% neither disagree nor agree to this statement. For Accor Novotel, Kondapur 67% of the respondents agreed and 30% of the respondents neither disagree nor agree to this statement. In the case of ITC Park Vallabha, Hyderabad 80% of the respondents agreed and 18% of the respondents neither disagree nor agree to this statement. At the Greenpark, Hyderabad 77% of the respondents agreed and 20% neither disagree nor agree to this statement. 69% of the respondents from Taj Residency, Vishakhapatnam agreed that the visual appeal of food attracts them towards the food and 27% of the respondents neither disagree nor agree to this statement. For Accor Novotel, Vishakhapatnam 76% of the respondents agreed and 20% of the respondents neither disagree nor agree to this statement.

Table 4.29 Chi-Square Test of the Ambience Colour Scheme

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	37.016[a]	28	.119
Likelihood Ratio	39.453	28	.074
Linear-by-Linear Association	4.310	1	.038
N of Valid Cases	800		

From the above table it is observed that the Chi-Square test, df=28 at 5 % level of significance is 37.016 and the table value is 41.337. As the calculated value is lesser than the table value (37.016 < 41.337), the null hypothesis is accepted and it is concluded that the colour and appearance of the food does not attract and attribute to the edibility of food.

4.7.2 Hypothesis 2b - The Interior Colour of the Hotel Encourages the Customers to Stay Longer and Increase Consumption.

Table 4.30 The Interior Colour of the Hotel Encourages the Customers to Stay Longer and Increase Consumption.

			Interior Colour Encourages Stay Decision Leading to Consumption					Total
			1	2	3	4	5	
Hotel	FORTUNE INN SREE KANYA	Count	0	1	29	47	23	100
		% within Hotel	0.0%	1.0%	29.0%	47.0%	23.0%	100.0%
	TAJ VIVANTA	Count	0	10	34	34	22	100
		% within Hotel	0.0%	10.0%	34.0%	34.0%	22.0%	100.0%
	GREENPARK VIZAG	Count	5	5	22	44	24	100
		% within Hotel	5.0%	5.0%	22.0%	44.0%	24.0%	100.0%
	ACCOR NOVOTEL	Count	2	11	39	36	12	100
		% within Hotel	2.0%	11.0%	39.0%	36.0%	12.0%	100.0%
	ITC PARK VALLABHA	Count	2	3	21	42	32	100
		% within Hotel	2.0%	3.0%	21.0%	42.0%	32.0%	100.0%
	GREENPARK	Count	4	7	32	45	12	100
		% within Hotel	4.0%	7.0%	32.0%	45.0%	12.0%	100.0%
	TAJ RESIDENCY	Count	4	4	19	35	38	100
		% within Hotel	4.0%	4.0%	19.0%	35.0%	38.0%	100.0%
	ACCOR NOVOTEL VIZAG	Count	1	5	24	41	29	100
		% within Hotel	1.0%	5.0%	24.0%	41.0%	29.0%	100.0%
Total		Count	18	46	220	324	192	800
		% within Hotel	2.2%	5.8%	27.5%	40.5%	24.0%	100.0%

From the above given table it is found that 64.5% of the total respondents agree that the interior colour of the hotel encourages the customers to stay longer and increase consumption. Whereas, 27.5% of the total respondents neither disagree nor agree to this statement and 7% of the total respondents disagree and strongly disagree to this statement. 70% of the respondents from Fortune Inn Sree Kanya, Vishakhapatnam agreed that the interior colour of the hotel encourages them to stay longer and increase consumption and 29% of the respondents neither disagree nor agree to this statement. In the case of Taj Vivanta, Hyderabad 56% agreed and 34% neither disagree nor agree to this statement. At the Greenpark, Vishakhapatnam 68% of the respondents agreed and 22% neither disagree nor agree to this statement. For Accor Novotel, Kondapur 48% of the respondents agreed and 39% of the respondents neither disagree nor agree to this statement. In the case of ITC Park Vallabha, Hyderabad 74% of the respondents agreed and 21% of the respondents neither disagree nor agree to this statement. At the Greenpark, Hyderabad 57% of the respondents agreed and 32% neither disagree nor agree to this statement. 73% of the respondents from Taj

Residency, Vishakhapatnam agreed that the interior colour of the hotel encourages them to stay longer and increase consumption and 19% of the respondents neither disagree nor agree to this statement. For Accor Novotel, Vishakhapatnam 70% of the respondents agreed and 24% of the respondents neither disagree nor agree to this statement.

Table 4.31 Chi-Square Test of the Interior Colour of the Hotel

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	66.661[a]	28	.000
Likelihood Ratio	71.840	28	.000
Linear-by-Linear Association	1.886	1	.170
N of Valid Cases	800		

From the above table it is observed that the Chi-Square test, df=28 at 5 % level of significance is 66.661 and the table value is 41.337. As the calculated value is greater than the table value (66.661 > 41.337), the null hypothesis is rejected and it is concluded that the interior colour of the hotel encourages the customers to stay longer and increase consumption.

4.7.3 Hypothesis 2c - The Hotels Make Effective Use of Lights which Generate Sales

Table 4.32 The Hotels Make Effective Use of Lights which Generate Sales

			Effectively Uses Right Type of Lights at Right Places for Sales					Total
			1	2	3	4	5	
Hotel	FORTUNE INN SREE KANYA	Count	0	1	24	57	18	100
		% within Hotel	0.0%	1.0%	24.0%	57.0%	18.0%	100.0%
	TAJ VIVANTA	Count	2	6	31	45	16	100
		% within Hotel	2.0%	6.0%	31.0%	45.0%	16.0%	100.0%
	GREENPARK VIZAG	Count	1	8	33	35	23	100
		% within Hotel	1.0%	8.0%	33.0%	35.0%	23.0%	100.0%
	ACCOR NOVOTEL	Count	2	2	30	51	15	100
		% within Hotel	2.0%	2.0%	30.0%	51.0%	15.0%	100.0%
	ITC PARK VALLABHA	Count	0	4	19	36	41	100
		% within Hotel	0.0%	4.0%	19.0%	36.0%	41.0%	100.0%
	GREENPARK	Count	1	6	30	46	17	100
		% within Hotel	1.0%	6.0%	30.0%	46.0%	17.0%	100.0%
	TAJ RESIDENCY	Count	3	1	23	31	42	100
		% within Hotel	3.0%	1.0%	23.0%	31.0%	42.0%	100.0%
	ACCOR NOVOTEL VIZAG	Count	1	3	25	54	17	100
		% within Hotel	1.0%	3.0%	25.0%	54.0%	17.0%	100.0%
Total		Count	10	31	215	355	189	800
		% within Hotel	1.2%	3.9%	26.9%	44.4%	23.6%	100.0%

From the above given table it is found that 68% of the total respondents agree that the hotel makes effective use of lights which generate sales. Whereas, 26.9% of the total respondents neither disagree nor agree to this statement and 5.1% of the total respondents disagree and strongly disagree to this statement. 75% of the respondents from Fortune Inn Sree Kanya, Vishakhapatnam agreed that the hotel makes effective use of lights which generate sales and 24% of the respondents neither disagree nor agree to this statement. In the case of Taj Vivanta, Hyderabad 61% agreed and 31% neither disagree nor agree to this statement. At the Greenpark, Vishakhapatnam 58% of the respondents agreed and 33% neither disagree nor agree to this statement. For Accor Novotel, Kondapur 66% of the respondents agreed and 30% of the respondents neither disagree nor agree to this statement. In the case of ITC Park Vallabha, Hyderabad 77% of the respondents agreed and 19% of the respondents neither disagree nor agree to this statement. At the Greenpark, Hyderabad 63% of the respondents agreed and 30% neither disagree nor agree to this statement. 73% of the respondents from Taj Residency, Vishakhapatnam agreed that the hotel makes effective use of lights which generate sales and 23% of the respondents neither disagree nor agree to this statement. For Accor Novotel, Vishakhapatnam 71% of the respondents agreed and 25% of the respondents neither disagree nor agree to this statement.

Table 4.33 Chi-Square Test of the Hotels Effective Use of Lights

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	76.238[a]	28	.000
Likelihood Ratio	75.266	28	.000
Linear-by-Linear Association	3.633	1	.057
N of Valid Cases	800		

From the above table it is observed that the Chi-Square test, df=28 at 5 % level of significance is 76.238 and the table value is 41.337. As the calculated value is greater than the table value (76.238 > 41.337), the null hypothesis is rejected and it is concluded that the hotels make effective use of lights which generate sales.

4.7.4 Factor Analysis as Applied to the Visual Factors

Table 4.34 KMO and Bartlett's Test of the Visual Factors

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.731
Bartlett's Test of Sphericity	Approx. Chi-Square	1542.701
	df	28
	Sig.	.000

Factor analysis is run to explore the factors that are regarded important Visual Factors/determinants affecting the Customer in a Luxury Hotel. The data collected on ordinal scaling is validated by the KMO test for measuring of validation and the sampling adequacy. This measure varies between 0 to1 and values closer to 1 are better. A value of 0.6 is suggested minimum and in this case the KMO value is 0.731.

For Bartlett's test of Sphericity the null hypothesis the correlation matrix is an identity matrix. An identity matrix, is a matrix in which all of the diagonal elements are one and all off diagonal elements are zero. The research rejects this null hypothesis. Taken together, these tests provide a minimum standard which should be passed before Factor Analysis is conducted. The factors that are extracted based on the responses of the customer which help in narrowing down the factors from a total of 13variables to 3 components.

Table 4.35 Total Variance Explained of the Visual Factors

Total Variance Explained									
Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.047	38.089	38.089	3.047	38.089	38.089	2.113	26.417	26.417
2	1.170	14.630	52.719	1.170	14.630	52.719	1.572	19.649	46.066
3	1.023	12.791	65.510	1.023	12.791	65.510	1.556	19.445	65.510
4	.923	11.539	77.050						
5	.571	7.137	84.186						
6	.446	5.577	89.764						
7	.419	5.236	95.000						
8	.400	5.000	100.000						
Extraction Method: Principal Component Analysis.									

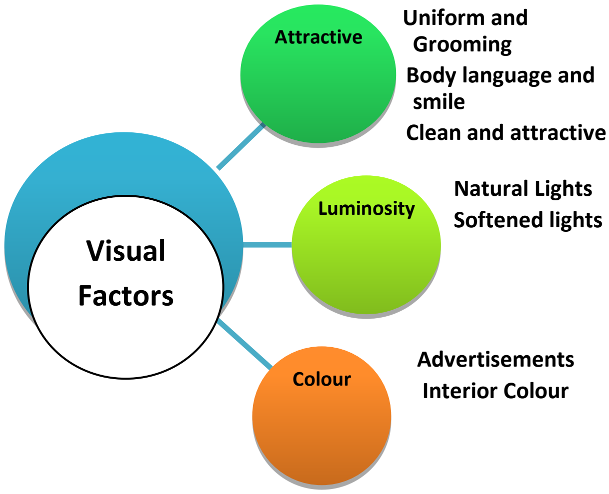
The thirteen questions related to the important Visual Factors/determinants affecting the Customer in a Luxury Hotel were analyzed using Principal Component Analysis with Varimax (orthogonal) Rotation. Looking form the rotated component matrix the analysis yields three factors explaining a total of 65.510% of the variance for the entire set of variables. The first Component is labeled Attractive as important Visual Factors/determinants affecting the Customer in a Luxury Hotel due to the high loadings by the following items: Uniform and Grooming (0.673), Body language and smile (0.684), Clean and attractive (0.762) and Colour and Appearance of the food (0.688). This component explained 26.417% of the variance. The second component derived is labeled Luminosity as important Visual Factors/determinants affecting the Customer in a Luxury Hotel. This component was labeled as such due to the high loadings by the following factors: Natural Lights (0.880) and Softened lights (0.827). The variance explained by this factor is 19.649%. Component three is labeled Colour as important Visual Factors/determinants affecting the Customer in a Luxury Hotel due to the high loadings by the following items: Advertisements (0.884) and Interior Colour (0.807). This component explained 19.445% of the variance.

Table 4.36 Components as Extracted from Factor Analysis for Visual Factors

Component	Factors in the component	Factor loading	Percentage variation (from rotation sums of squared loading)
Component 1 Attractive	The Uniform and Grooming of the Hotel Staff is attractive	0.673	26.417
	The Hotel's staff has a welcoming body language and smile	0.684	
	The Lobby, Rooms, Tableware and Washrooms are clean and attractive	0.762	
	The Colour and Appearance of the food attracts and attribute to the edibility of the food	0.688	
Component 2 Luminosity	The Hotel efficiently uses Natural Lights	0.880	19.649
	Softened lights increase my well being sensation and the time spent at a point of sale	0.827	
Component 3 Colour	The Advertisements of the Hotel are attractive	0.884	19.445
	The Interior Colour of the Hotel encourages my decision to stay longer, leading to increase in consumption.	0.807	
Total percent variation from rotation sums of squared loadings			**65.510**

(Source: Compiled by researcher)

Figure 4.13 Components as Extracted from Factor Analysis for Visual Factors



(Source: Compiled by researcher)

This means that the study has identified three important Visual Factors/determinants affecting the Customer in a Luxury Hotel. First important Visual Factors/determinants affecting the Customer in a Luxury Hotel is Attractive (or not), second important Visual Factors/determinants affecting the Customer in a Luxury Hotel is Luminosity (or not) and First important Visual Factors/determinants affecting the Customer in a Luxury Hotel Colour (or not). These elements are independent of one another (i.e. they are not correlated).

4.8 Olfactory Factors

Table 4.37 Influence of Pleasant and Welcoming Ambience Scent of the Hotel Which Improves Customer's Mood

			Ambience Scent Is Pleasant And Welcoming Which Improves Mood					Total
			1	2	3	4	5	
Hotel	FORTUNE INN SREE KANYA	Count	0	2	26	49	23	100
		% within Hotel	0.0%	2.0%	26.0%	49.0%	23.0%	100.0%
	TAJ VIVANTA	Count	0	2	23	41	34	100
		% within Hotel	0.0%	2.0%	23.0%	41.0%	34.0%	100.0%
	GREENPARK VIZAG	Count	2	7	27	34	30	100
		% within Hotel	2.0%	7.0%	27.0%	34.0%	30.0%	100.0%
	ACCOR NOVOTEL	Count	7	14	24	30	25	100
		% within Hotel	7.0%	14.0%	24.0%	30.0%	25.0%	100.0%
	ITC PARK VALLABHA	Count	0	1	16	46	37	100
		% within Hotel	0.0%	1.0%	16.0%	46.0%	37.0%	100.0%
	GREENPARK	Count	2	4	25	48	21	100
		% within Hotel	2.0%	4.0%	25.0%	48.0%	21.0%	100.0%
	TAJ RESIDENCY	Count	3	9	21	37	30	100
		% within Hotel	3.0%	9.0%	21.0%	37.0%	30.0%	100.0%
	ACCOR NOVOTEL VIZAG	Count	2	4	29	44	21	100
		% within Hotel	2.0%	4.0%	29.0%	44.0%	21.0%	100.0%
Total		Count	16	43	191	329	221	800
		% within Hotel	2.0%	5.4%	23.9%	41.1%	27.6%	100.0%

From the above given table it is found that 68.7% of the total respondents agree that the ambience scent of the Luxury Hotel is pleasant and welcoming, which improves their mood. Whereas, 23.9% of the total respondents neither disagree nor agree to this statement and 7.4% of the total respondents disagree and strongly disagree to this statement. 72% of the respondents from Fortune Inn Sree Kanya, Vishakhapatnam agreed that the ambience scent of the Luxury Hotel is pleasant and welcoming, which improves their mood and 26% of the respondents neither disagree nor agree to this statement. In the case of Taj Vivanta, Hyderabad 75% agreed and 23% neither disagree nor agree to this statement. At the Greenpark, Vishakhapatnam 64% of the respondents agreed and 27% neither disagree nor agree to this statement. For Accor Novotel, Kondapur 55% of the respondents agreed and 24% of the respondents neither disagree nor agree to this statement. In the case of ITC Park Vallabha, Hyderabad 83% of the respondents agreed and 16% of the respondents neither disagree nor agree to this statement. At the Greenpark, Hyderabad 69% of the respondents agreed and 25% neither disagree nor agree to this statement. 67% of the respondents from Taj Residency, Vishakhapatnam agreed that the ambience scent of the Luxury Hotel is pleasant and welcoming, which improves their mood and 21% of the respondents neither disagree nor agree to this statement. For Accor Novotel, Vishakhapatnam 65% of the respondents agreed and 29% of the respondents neither disagree nor agree to this statement. The Chi-Square calculated value at df=28 at 5 % level of significance is 66.363 and the table value is 41.337. As the calculated value is greater than the table value (66.363 > 41.337), the null hypothesis is rejected and it is concluded that the ambience scent of the Luxury Hotel is pleasant and welcoming, which improves the customer's mood.

Table 4.38 Influence of Ambience Smell on Enhancing the Customer's Hotel Experience

			The Ambience Smell Enhances My Hotel Experience					Total
			1	2	3	4	5	
Hotel	FORTUNE INN SREE KANYA	Count	0	0	38	39	23	100
		% within Hotel	0.0%	0.0%	38.0%	39.0%	23.0%	100.0%
	TAJ VIVANTA	Count	0	9	30	36	25	100
		% within Hotel	0.0%	9.0%	30.0%	36.0%	25.0%	100.0%
	GREENPARK VIZAG	Count	0	4	26	37	33	100
		% within Hotel	0.0%	4.0%	26.0%	37.0%	33.0%	100.0%
	ACCOR NOVOTEL	Count	5	14	29	29	23	100
		% within Hotel	5.0%	14.0%	29.0%	29.0%	23.0%	100.0%
	ITC PARK VALLABA	Count	1	2	15	51	31	100
		% within Hotel	1.0%	2.0%	15.0%	51.0%	31.0%	100.0%
	GREENPARK	Count	3	4	15	60	18	100
		% within Hotel	3.0%	4.0%	15.0%	60.0%	18.0%	100.0%
	TAJ RESIDENCY	Count	2	3	18	43	34	100
		% within Hotel	2.0%	3.0%	18.0%	43.0%	34.0%	100.0%
	ACCOR NOVOTEL VIZAG	Count	3	6	27	37	27	100
		% within Hotel	3.0%	6.0%	27.0%	37.0%	27.0%	100.0%
Total		Count	14	42	198	332	214	800
		% within Hotel	1.8%	5.2%	24.8%	41.5%	26.8%	100.0%

From the above given table it is found that 68.3% of the total respondents agree that the ambience smell enhances their Hotel experience. Whereas, 24.8% of the total respondents neither disagree nor agree to this statement and 7% of the total respondents disagree and strongly disagree to this statement. 62% of the respondents from Fortune Inn Sree Kanya, Vishakhapatnam agreed the ambience smell enhances their Hotel experience and 38% of the respondents neither disagree nor agree to this statement. In the case of Taj Vivanta, Hyderabad 61% agreed and 30% neither disagree nor agree to this statement. At the Greenpark, Vishakhapatnam 70% of the respondents agreed and 26% neither disagree nor agree to this statement. For Accor Novotel, Kondapur 52% of the respondents agreed and 29% of the respondents neither disagree nor agree to this statement. In the case of ITC Park Vallabha, Hyderabad 82% of the respondents agreed and 15% of the respondents neither disagree nor agree to this statement. At the Greenpark, Hyderabad 78% of the respondents agreed and 15% neither disagree nor agree to this statement. 77% of the respondents from Taj Residency, Vishakhapatnam agreed that the ambience smell enhances their Hotel experience and 18% of the respondents neither disagree nor agree to this statement. For Accor Novotel, Vishakhapatnam 64% of the respondents agreed and 27% of the respondents neither disagree nor agree to this statement. The Chi-Square calculated value at df=28 at 5 % level of significance is 82.574 and the table value is 41.337. As the calculated value is greater than the table value (82.574 > 41.337), the null hypothesis is rejected and it is concluded that the ambience smell enhances the customer's hotel experience.

Table 4.39 Influence of Food's Aroma on the Customer's Appetite

			The Aroma of the Food Increases Appetite					Total
			1	2	3	4	5	
Hotel	FORTUNE INN SREE KANYA	Count	0	2	31	41	26	100
		% within Hotel	0.0%	2.0%	31.0%	41.0%	26.0%	100.0%
	TAJ VIVANTA	Count	0	11	26	31	32	100
		% within Hotel	0.0%	11.0%	26.0%	31.0%	32.0%	100.0%
	GREENPARK VIZAG	Count	0	3	25	37	35	100
		% within Hotel	0.0%	3.0%	25.0%	37.0%	35.0%	100.0%
	ACCOR NOVOTEL	Count	1	6	20	51	22	100
		% within Hotel	1.0%	6.0%	20.0%	51.0%	22.0%	100.0%
	ITC PARK VALLABA	Count	0	1	9	61	29	100
		% within Hotel	0.0%	1.0%	9.0%	61.0%	29.0%	100.0%
	GREENPARK	Count	1	5	22	41	31	100
		% within Hotel	1.0%	5.0%	22.0%	41.0%	31.0%	100.0%
	TAJ RESIDENCY	Count	0	5	25	33	37	100
		% within Hotel	0.0%	5.0%	25.0%	33.0%	37.0%	100.0%
	ACCOR NOVOTEL VIZAG	Count	0	4	32	43	21	100
		% within Hotel	0.0%	4.0%	32.0%	43.0%	21.0%	100.0%
Total		Count	2	37	190	338	233	800
		% within Hotel	0.2%	4.6%	23.8%	42.2%	29.1%	100.0%

From the above given table it is found that 71.3% of the total respondents agree that the aroma of the food increases their appetite. Whereas, 23.8% of the total respondents neither disagree nor agree to this statement. 67% of the respondents from Fortune Inn Sree Kanya, Vishakhapatnam agreed that the aroma of the food increases their appetite and 31% of the respondents neither disagree nor agree to this statement. In the case of Taj Vivanta, Hyderabad 63% agreed and 26% neither disagree nor agree to this statement. At the Greenpark, Vishakhapatnam 72% of the respondents agreed and 25% neither disagree nor agree to this statement. For Accor Novotel, Kondapur 73% of the respondents agreed and 20% of the respondents neither disagree nor agree to this statement. In the case of ITC Park Vallabha, Hyderabad 90% of the respondents agreed and 9% of the respondents neither disagree nor agree to this statement. At the Greenpark, Hyderabad 72% of the respondents agreed and 22% neither disagree nor agree to this statement. 70% of the respondents from Taj Residency, Vishakhapatnam agreed that that the aroma of the food increases their appetite and 25% of the respondents neither disagree nor agree to this statement. For Accor Novotel, Vishakhapatnam 64% of the respondents agreed and 32% of the respondents neither disagree nor agree to this statement. The Chi-Square calculated value at df=28 at 5 % level of significance is 59.506 and the table value is 41.337. As the calculated value is greater than the table value (59.506 > 41.337), the null hypothesis is rejected and it is concluded that the aroma of the food increases the customer's appetite.

4.8.1 Hypothesis 3a - The aroma of the food makes the customer order more

Table 4.40 The aroma of the food makes the customer order more

			The Aroma of the Food Makes me Order More					Total
			1	2	3	4	5	
Hotel	FORTUNE INN SREE KANYA	Count	0	2	36	39	23	100
		% within Hotel	0.0%	2.0%	36.0%	39.0%	23.0%	100.0%
	TAJ VIVANTA	Count	0	7	41	26	26	100
		% within Hotel	0.0%	7.0%	41.0%	26.0%	26.0%	100.0%
	GREENPARK VIZAG	Count	1	6	27	39	27	100
		% within Hotel	1.0%	6.0%	27.0%	39.0%	27.0%	100.0%
	ACCOR NOVOTEL	Count	2	11	23	41	23	100
		% within Hotel	2.0%	11.0%	23.0%	41.0%	23.0%	100.0%
	ITC PARK VALLABHA	Count	0	4	17	43	36	100
		% within Hotel	0.0%	4.0%	17.0%	43.0%	36.0%	100.0%
	GREENPARK	Count	3	4	28	38	27	100
		% within Hotel	3.0%	4.0%	28.0%	38.0%	27.0%	100.0%
	TAJ RESIDENCY	Count	1	6	18	37	38	100
		% within Hotel	1.0%	6.0%	18.0%	37.0%	38.0%	100.0%
	ACCOR NOVOTEL VIZAG	Count	1	1	21	48	29	100
		% within Hotel	1.0%	1.0%	21.0%	48.0%	29.0%	100.0%
Total		Count	8	41	211	311	229	800
		% within Hotel	1.0%	5.1%	26.4%	38.9%	28.6%	100.0%

From the above given table it is found that 67.5% of the total respondents agree that the aroma of the food makes the customer order more. Whereas, 26.4% of the total respondents neither disagree nor agree to this statement and 6.1% of the total respondents disagree and strongly disagree to this statement. 62% of the respondents from Fortune Inn Sree Kanya, Vishakhapatnam agreed that the aroma of the food makes the customer order more and 36% of the respondents neither disagree nor agree to this statement. In the case of Taj Vivanta, Hyderabad 52% agreed and 41% neither disagree nor agree to this statement. At the Greenpark, Vishakhapatnam 66% of the respondents agreed and 27% neither disagree nor agree to this statement. For Accor Novotel, Kondapur 64% of the respondents agreed and

23% of the respondents neither disagree nor agree to this statement. In the case of ITC Park Vallabha, Hyderabad 79% of the respondents agreed and 17% of the respondents neither disagree nor agree to this statement. At the Greenpark, Hyderabad 65% of the respondents agreed and 28% neither disagree nor agree to this statement. 75% of the respondents from Taj Residency, Vishakhapatnam agreed that the aroma of the food makes the customer order more and 18% of the respondents neither disagree nor agree to this statement. For Accor Novotel, Vishakhapatnam 77% of the respondents agreed and 21% of the respondents neither disagree nor agree to this statement.

Table 4.41 Chi-Square Test of the Aroma of the Food

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	55.377[a]	28	.002
Likelihood Ratio	56.771	28	.001
Linear-by-Linear Association	9.238	1	.002
N of Valid Cases	800		

From the above table it is observed that the Chi-Square test, df=28 at 5 % level of significance is 55.377 and the table value is 41.337. As the calculated value is greater than the table value (55.377 > 41.337), the null hypothesis is rejected and it is concluded that the aroma of the food makes the customer's order more.

4.8.2 Hypothesis 3b - The Hotel's Signature Scent Leads to Brand Recognition.

Table 4.42 The Hotel's Signature Scent Leads to Brand Recognition

			Ambience Smell is the Hotel Signature Scent					Total
			1	2	3	4	5	
Hotel	FORTUNE INN SREE KANYA	Count	1	0	32	46	21	100
		% within Hotel	1.0%	0.0%	32.0%	46.0%	21.0%	100.0%
	TAJ VIVANTA	Count	1	6	27	36	30	100
		% within Hotel	1.0%	6.0%	27.0%	36.0%	30.0%	100.0%
	GREENPARK VIZAG	Count	1	5	23	45	26	100
		% within Hotel	1.0%	5.0%	23.0%	45.0%	26.0%	100.0%
	ACCOR NOVOTEL	Count	1	5	27	47	20	100
		% within Hotel	1.0%	5.0%	27.0%	47.0%	20.0%	100.0%
	ITC PARK VALLABHA	Count	2	2	14	51	31	100
		% within Hotel	2.0%	2.0%	14.0%	51.0%	31.0%	100.0%
	GREENPARK	Count	1	5	27	37	30	100
		% within Hotel	1.0%	5.0%	27.0%	37.0%	30.0%	100.0%
	TAJ RESIDENCY	Count	2	7	16	38	37	100
		% within Hotel	2.0%	7.0%	16.0%	38.0%	37.0%	100.0%
	ACCOR NOVOTEL VIZAG	Count	1	1	23	48	27	100
		% within Hotel	1.0%	1.0%	23.0%	48.0%	27.0%	100.0%
Total		Count	10	31	189	348	222	800
		% within Hotel	1.2%	3.9%	23.6%	43.5%	27.8%	100.0%

From the above given table it is found that 71.3% of the total respondents agree that the hotel's signature scent leads to brand recognition. Whereas, 23.6% of the total respondents neither disagree nor agree to this statement and 5.1% of the total respondents disagree and strongly disagree to this statement. 67% of the respondents from Fortune Inn Sree Kanya, Vishakhapatnam agreed that the hotel's signature scent leads to brand recognition and 32% of the respondents neither disagree nor agree to this statement. In the case of Taj Vivanta, Hyderabad 66% agreed and 27% neither disagree nor agree to this statement. At the Greenpark, Vishakhapatnam 71% of the respondents agreed and 23% neither disagree nor agree to this statement. For Accor Novotel, Kondapur 67% of the respondents agreed and 27% of the respondents neither disagree nor agree to this statement. In the case of ITC Park Vallabha, Hyderabad 82% of the respondents agreed and 14% of the respondents neither disagree nor agree to this statement. At the Greenpark, Hyderabad 67% of the respondents agreed and 27% neither disagree nor agree to this statement. 75% of the respondents from Taj Residency, Vishakhapatnam agreed that the hotel's signature scent leads to brand recognition and 16% of the respondents neither disagree nor agree to this statement. For Accor Novotel, Vishakhapatnam 75% of the respondents agreed and 23% of the respondents neither disagree nor agree to this statement.

Table 4.43 Chi-Square Test of the Hotel's Signature Scent Leading to Brand Recognition

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	36.573[a]	28	.129
Likelihood Ratio	41.467	28	.049
Linear-by-Linear Association	2.988	1	.084
N of Valid Cases	800		

From the above table it is observed that the Chi-Square test, df=28 at 5 % level of significance is 36.573 and the table value is 41.337. As the calculated value is lesser than the table value (36.573 < 41.337), the null hypothesis is accepted and it is concluded that the hotel's signature scent does not lead to brand recognition.

4.8.3 Factor Analysis as Applied to the Olfactory Factors

Table 4.44 KMO and Bartlett's Test of the Olfactory Factors

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.771
Bartlett's Test of Sphericity	Approx. Chi-Square	1265.536
	df	15
	Sig.	.000

Factor analysis is run to explore the factors that are regarded important Olfactory Factors/determinants affecting the Customer in a Luxury Hotel. The data collected on ordinal scaling is validated by the KMO test for measuring of validation and the sampling adequacy. This measure varies between 0 to1 and values closer to 1 are better. A value of 0.6 is suggested minimum and in this case the KMO value is 0.771 .

For Bartlett's test of Sphericity the null hypothesis the correlation matrix is an identity matrix. An identity matrix, is a matrix in which all of the diagonal elements are one and all off diagonal elements are zero. The research rejects this null hypothesis. Taken together, these tests provide a minimum standard which should be passed before Factor Analysis is conducted. The factors that are extracted based on the responses of the customer which help in narrowing down the factors from a total of 8 variables to 2 components.

Table 4.45 Total Variance Explained of the Olfactory Factors

Total Variance Explained									
Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.857	47.611	47.611	2.857	47.611	47.611	2.040	34.007	34.007
2	1.054	17.562	65.173	1.054	17.562	65.173	1.870	31.165	65.173
3	.686	11.438	76.610						
4	.565	9.423	86.033						
5	.449	7.476	93.509						
6	.389	6.491	100.000						
Extraction Method: Principal Component Analysis.									

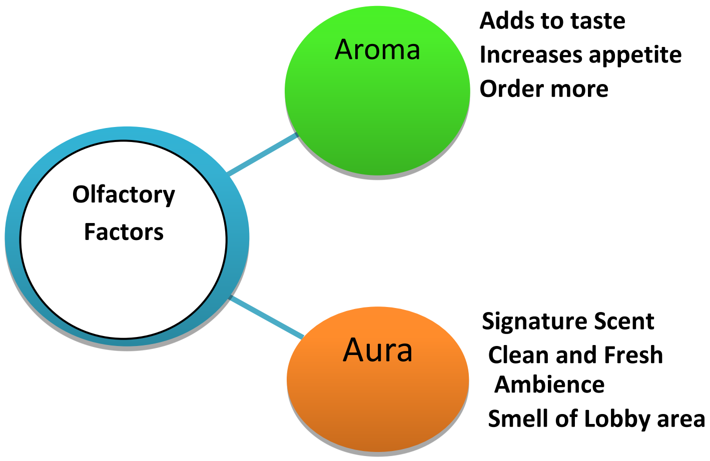
The eight questions relating to the Olfactory Factors affecting the Customer in a Luxury Hotel were analyzed using Principal Component Analysis with Varimax (orthogonal) Rotation. Looking form the rotated component matrix the analysis yields two factors explaining a total of 65.173% of the variance for the entire set of variables. The first Component is labeled as Aroma as important Olfactory Factors/determinants affecting the Customer in a Luxury Hotel due to the high loadings by the following items: Adds to taste (0.786), Increases appetite (0.836) and Order more (0.769). This component explained 34.007% of the variance. The second component derived is labeled as Aura as important Olfactory Factors/determinants affecting the Customer in a Luxury Hotel. This component was labeled as such due to the high loadings by the following factors: Signature Scent (0.772), Clean and Fresh Ambience (0.804) and Smell of Lobby area (0.718). The variance explained by this factor is 31.165%.

Table 4.46 Components as Extracted from Factor Analysis for Olfactory Factors

Component	Factors in the component	Factor loading	Percentage variation (from rotation sums of squared loading)
Component 1 Aroma	Aroma of the food adds to my taste	0.786	34.007
	The aroma of the food increases my appetite	0.836	
	The aroma of the food makes me order more	0.769	
Component 2 Aura	The Ambience Smell is the Hotel's Signature Scent which leads to Brand Recognition and Identification	0.772	31.165
	The smell gives me a Perception of Clean and Fresh Ambience	0.804	
	The smell used in the Lobby area of the hotel impresses me for the quality of that area	0.718	
Total percent variation from rotation sums of squared loadings			**65.173**

(Source: Compiled by researcher)

Fig 4.14 Components as Extracted from Factor Analysis for Olfactory Factors



(Source: Compiled by researcher)

This means that the study has identified two important Olfactory Factors/determinants affecting the Customer in a Luxury Hotel. First important Olfactory Factors/determinants affecting the Customer in a Luxury Hotel is Aroma (or not), and second important Olfactory Factors/determinants affecting the Customer in a Luxury Hotel is Aura (or not). These elements are independent of one another (i.e. they are not correlated).

4.9Auditory Factors

Table 4.47 Influence of Music Tempo of the Luxury Hotel on the Customer's Dining Speed

			Music Tempo of the Luxury Hotel Influences Dining Speed					Total
			1	2	3	4	5	
Hotel	FORTUNE INN SREE KANYA	Count	1	2	32	56	9	100
		% within Hotel	1.0%	2.0%	32.0%	56.0%	9.0%	100.0%
	TAJ VIVANTA	Count	12	15	38	27	8	100
		% within Hotel	12.0%	15.0%	38.0%	27.0%	8.0%	100.0%
	GREENPARK VIZAG	Count	12	13	22	34	19	100
		% within Hotel	12.0%	13.0%	22.0%	34.0%	19.0%	100.0%
	ACCOR NOVOTEL	Count	20	22	26	19	13	100
		% within Hotel	20.0%	22.0%	26.0%	19.0%	13.0%	100.0%
	ITC PARK VALLABHA	Count	3	8	20	40	29	100
		% within Hotel	3.0%	8.0%	20.0%	40.0%	29.0%	100.0%
	GREENPARK	Count	12	14	33	31	10	100
		% within Hotel	12.0%	14.0%	33.0%	31.0%	10.0%	100.0%
	TAJ RESIDENCY	Count	12	15	22	36	15	100
		% within Hotel	12.0%	15.0%	22.0%	36.0%	15.0%	100.0%
	ACCOR NOVOTEL VIZAG	Count	6	16	28	30	20	100
		% within Hotel	6.0%	16.0%	28.0%	30.0%	20.0%	100.0%
Total		Count	78	105	221	273	123	800
		% within Hotel	9.8%	13.1%	27.6%	34.1%	15.4%	100.0%

From the above given table it is found that 49.5% of the total respondents agree that the music tempo of the Luxury Hotel influences their dining speed. Whereas, 27.6% of the total respondents neither disagree nor agree to this statement and 13.1% of the respondents are slightly and 9.8% are not at all influenced by the tempo of the music of the hotel. 65% of the respondents from Fortune Inn Sree Kanya, Vishakhapatnam agreed that the music tempo of the hotel influences their dining speed and 32% of the respondents neither disagree nor agree to this statement. In the case of Taj Vivanta, Hyderabad 35% agreed and 38% neither disagree nor agree to this statement. At the Greenpark, Vishakhapatnam 53% of the respondents agreed and 22% neither disagree nor agree to this statement. For Accor Novotel, Kondapur 32% of the respondents agreed and 26% of the respondents neither disagree nor agree to this statement. In the case of ITC Park Vallabha, Hyderabad 69% of the respondents agreed and 20% of the respondents neither disagree nor agree to this statement. At the Greenpark, Hyderabad 41% of the respondents agreed and 33% neither disagree nor agree to this statement. 51% of the respondents from Taj Residency, Vishakhapatnam agreed that the music tempo of the hotel influences their dining speed and 22% of the respondents neither disagree nor agree to this statement. For Accor Novotel, Vishakhapatnam 50% of the respondents agreed and 28% of the respondents neither disagree nor agree to this statement. The Chi-Square calculated value at df=28 at 5 % level of significance is 102.479 and the table value is 41.337. As the calculated value is greater than the table value (102.479 > 41.337), the null hypothesis is rejected and it is concluded that Music tempo of the Luxury hotel influences the dining speed of the customers.

Table 4.48 Influence of Luxury Hotel's Music to Build a Positive Take Away Dining Experience

			Luxury Hotel Music Builds a Positive Take- Away Dining Experience					Total
			1	2	3	4	5	
Hotel	FORTUNE INN SREE KANYA	Count	0	2	22	62	14	100
		% within Hotel	0.0%	2.0%	22.0%	62.0%	14.0%	100.0%
	TAJ VIVANTA	Count	7	8	27	43	15	100
		% within Hotel	7.0%	8.0%	27.0%	43.0%	15.0%	100.0%
	GREENPARK VIZAG	Count	6	11	24	39	20	100
		% within Hotel	6.0%	11.0%	24.0%	39.0%	20.0%	100.0%
	ACCOR NOVOTEL	Count	16	18	32	18	16	100
		% within Hotel	16.0%	18.0%	32.0%	18.0%	16.0%	100.0%
	ITC PARK VALLABHA	Count	2	5	19	34	40	100
		% within Hotel	2.0%	5.0%	19.0%	34.0%	40.0%	100.0%
	GREENPARK	Count	6	11	29	42	12	100
		% within Hotel	6.0%	11.0%	29.0%	42.0%	12.0%	100.0%
	TAJ RESIDENCY	Count	6	10	26	40	18	100
		% within Hotel	6.0%	10.0%	26.0%	40.0%	18.0%	100.0%
	ACCOR NOVOTEL VIZAG	Count	5	17	26	29	23	100
		% within Hotel	5.0%	17.0%	26.0%	29.0%	23.0%	100.0%
Total		Count	48	82	205	307	158	800
		% within Hotel	6.0%	10.2%	25.6%	38.4%	19.8%	100.0%

From the above given table it is found that 58.2% of the total respondents agree that the music of the Luxury Hotel builds a positive "take-away" dining experience. Whereas, 25.6% of the total respondents neither disagree nor agree to this statement, 10.2% of the respondents slightly and 6% are not at all agree that the music of the Luxury Hotel builds a positive "take-away" dining experience. 76% of the respondents from Fortune Inn Sree Kanya, Vishakhapatnam agreed that the music of the hotel builds a positive "take-away" dining experience and 22% of the respondents neither disagree nor agree to this statement. In the case of Taj Vivanta, Hyderabad 58% agreed and 27% neither disagree nor agree to this statement. At the Greenpark, Vishakhapatnam 59% of the respondents agreed and 24% neither disagree nor agree to this statement. For Accor Novotel, Kondapur 34% of the respondents agreed and 32% of the respondents neither disagree nor agree to this statement. In the case of ITC Park Vallabha, Hyderabad 74% of the respondents agreed and 19% of the respondents neither disagree nor agree to this statement. At the Greenpark, Hyderabad 54% of the respondents agreed and 29% neither disagree nor agree to this statement. 58% of the respondents from Taj Residency, Vishakhapatnam agreed that the music of the hotel builds a positive "take-away" dining experience and 26% of the respondents neither disagree nor agree to this statement. For Accor Novotel, Vishakhapatnam 52% of the respondents agreed and 26% of the respondents neither disagree nor agree to this statement. The Chi-Square calculated value at df=28 at 5 % level of significance is 107.510 and the table value is 41.337. As the calculated value is greater than the table value (107.510 > 41.337), the null hypothesis is rejected and it is concluded that Music of the Luxury hotel builds a positive "take-away" dining experience.

Table 4.49 Influence of Type Music on the Customer's Duration of Time Spent in the Hotel

			Type of Music Influences my Duration of Time Spent in the Hotel					Total
			1	2	3	4	5	
Hotel	FORTUNE INN SREE KANYA	Count	0	2	33	40	25	100
		% within Hotel	0.0%	2.0%	33.0%	40.0%	25.0%	100.0%
	TAJ VIVANTA	Count	7	8	36	34	15	100
		% within Hotel	7.0%	8.0%	36.0%	34.0%	15.0%	100.0%
	GREENPARK VIZAG	Count	3	8	26	33	30	100
		% within Hotel	3.0%	8.0%	26.0%	33.0%	30.0%	100.0%
	ACCOR NOVOTEL	Count	2	13	33	43	9	100
		% within Hotel	2.0%	13.0%	33.0%	43.0%	9.0%	100.0%
	ITC PARK VALLABHA	Count	2	1	18	50	29	100
		% within Hotel	2.0%	1.0%	18.0%	50.0%	29.0%	100.0%
	GREENPARK	Count	7	10	28	41	14	100
		% within Hotel	7.0%	10.0%	28.0%	41.0%	14.0%	100.0%
	TAJ RESIDENCY	Count	2	5	23	44	26	100
		% within Hotel	2.0%	5.0%	23.0%	44.0%	26.0%	100.0%
	ACCOR NOVOTEL VIZAG	Count	1	1	25	51	22	100
		% within Hotel	1.0%	1.0%	25.0%	51.0%	22.0%	100.0%
Total		Count	24	48	222	336	170	800
		% within Hotel	3.0%	6.0%	27.8%	42.0%	21.2%	100.0%

From the above given table it is found that 63.2% of the total respondents agree that the type of Music played influences their duration of time spent in the Hotel. Whereas, 27.8% of the total respondents neither disagree nor agree to this statement and 9% of the respondents disagree and strongly disagree that the type of Music played influences their duration of time spent in the Hotel. 65% of the respondents from Fortune Inn Sree Kanya, Vishakhapatnam agreed that the type of Music played influences their duration of time spent in the Hotel and

33% of the respondents neither disagree nor agree to this statement. In the case of Taj Vivanta, Hyderabad 49% agreed and 36% neither disagree nor agree to this statement. At the Greenpark, Vishakhapatnam 63% of the respondents agreed and 26% neither disagree nor agree to this statement. For Accor Novotel, Kondapur 52% of the respondents agreed and 33% of the respondents neither disagree nor agree to this statement. In the case of ITC Park Vallabha, Hyderabad 79% of the respondents agreed and 18% of the respondents neither disagree nor agree to this statement. At the Greenpark, Hyderabad 55% of the respondents agreed and 28% neither disagree nor agree to this statement. 70% of the respondents from Taj Residency, Vishakhapatnam agreed the type of Music played influences their duration of time spent in the Hotel and 23% of the respondents neither disagree nor agree to this statement. For Accor Novotel, Vishakhapatnam 73% of the respondents agreed and 25% of the respondents neither disagree nor agree to this statement. The Chi-Square calculated value at df=28 at 5 % level of significance is 75.092 and the table value is 41.337. As the calculated value is greater than the table value (75.092 > 41.337), the null hypothesis is rejected and it is concluded that the type of music played influences the customer's duration of time spent in the hotel.

4.9.1 Hypothesis 4 - The Extra Duration spent in a Hotel Due to its Music Played makes the Customer Order more.

Table 4.50 The Extra Duration spent in a Hotel Due to its Music Played makes the Customer Order more

			The Extra Duration Spent in Hotel makes me Order More					Total
			1	2	3	4	5	
Hotel	FORTUNE INN SREE KANYA	Count	1	1	28	44	26	100
		% within Hotel	1.0%	1.0%	28.0%	44.0%	26.0%	100.0%
	TAJ VIVANTA	Count	4	14	24	40	18	100
		% within Hotel	4.0%	14.0%	24.0%	40.0%	18.0%	100.0%
	GREENPARK VIZAG	Count	5	4	26	35	30	100
		% within Hotel	5.0%	4.0%	26.0%	35.0%	30.0%	100.0%
	ACCOR NOVOTEL	Count	4	16	36	32	12	100
		% within Hotel	4.0%	16.0%	36.0%	32.0%	12.0%	100.0%
	ITC PARK VALLABHA	Count	0	4	20	45	31	100
		% within Hotel	0.0%	4.0%	20.0%	45.0%	31.0%	100.0%
	GREENPARK	Count	9	7	33	33	18	100
		% within Hotel	9.0%	7.0%	33.0%	33.0%	18.0%	100.0%
	TAJ RESIDENCY	Count	3	4	26	39	28	100
		% within Hotel	3.0%	4.0%	26.0%	39.0%	28.0%	100.0%
	ACCOR NOVOTEL VIZAG	Count	0	2	29	53	16	100
		% within Hotel	0.0%	2.0%	29.0%	53.0%	16.0%	100.0%
Total		Count	26	52	222	321	179	800
		% within Hotel	3.2%	6.5%	27.8%	40.1%	22.4%	100.0%

From the above given table it is found that 62.5% of the total respondents agree that the extra duration spent in the hotel due to its music played makes the customer order more. Whereas, 27.8% of the total respondents neither disagree nor agree to this statement and 9.7% of the total respondents disagree and strongly disagree to this statement. 70% of the respondents from Fortune Inn Sree Kanya, Vishakhapatnam agreed that the extra duration spent in the hotel due to its music played makes the customer order more and 28% of the respondents neither disagree nor agree to this statement. In the case of Taj Vivanta, Hyderabad 58% agreed and 24% neither disagree nor agree to this statement. At the Greenpark, Vishakhapatnam 65% of the respondents agreed and 26% neither disagree nor agree to this statement. For Accor Novotel, Kondapur 44% of the respondents agreed and 36% of the respondents neither disagree nor agree to this statement. In the case of ITC Park Vallabha, Hyderabad 76% of the respondents agreed and 20% of the respondents neither disagree nor agree to this statement. At the Greenpark, Hyderabad 51% of the respondents agreed and 33% neither disagree nor agree to this statement. 67% of the respondents from Taj Residency, Vishakhapatnam agreed that the extra duration spent in the hotel due to its music played makes the customer order more and 26% of the respondents neither disagree nor agree to this statement. For Accor Novotel, Vishakhapatnam 69% of the respondents agreed and 29% of the respondents neither disagree nor agree to this statement.

Table 4.51 Chi-Square Test of the Extra Duration spent in a Hotel Due to its Music Played makes the Customer Order more

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	84.123[a]	28	.000
Likelihood Ratio	86.094	28	.000
Linear-by-Linear Association	.427	1	.513
N of Valid Cases	800		

From the above table it is observed that the Chi-Square test, df=28 at 5 % level of significance is 84.123 and the table value is 41.337. As the calculated value is greater than the table value (84.123 > 41.337), the null hypothesis is rejected and it is concluded that the extra duration spent in a hotel due to its music played makes the customer order more.

4.9.2 Factor Analysis as Applied to the Auditory Factors

Table 4.52 KMO and Bartlett's Test of the Auditory Factors

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.810
Bartlett's Test of Sphericity	Approx. Chi-Square	1563.660
	df	21
	Sig.	.000

Factor analysis is run to explore the factors that are regarded important Auditory Factors/determinants affecting the Customer in a Luxury Hotel. The data collected on ordinal scaling is validated by the KMO test for measuring of validation and the sampling adequacy. This measure varies between 0 to1 and values closer to 1 are better. A value of 0.6 is suggested minimum and in this case the KMO value is 0.810.

For Bartlett's test of Sphericity the null hypothesis the correlation matrix is an identity matrix. An identity matrix, is a matrix in which all of the diagonal elements are one and all off diagonal elements are zero. The research rejects this null hypothesis. Taken together, these tests provide a minimum standard which should be passed before Factor Analysis is conducted. The factors that are extracted based on the responses of the customer which help in narrowing down the factors from a total of 9 variables to 2 components.

Table 4.53 Total Variance Explained of the Auditory Factors

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.163	45.183	45.183	3.163	45.183	45.183	2.335	33.360	33.360
2	1.162	16.602	61.785	1.162	16.602	61.785	1.990	28.424	61.785
3	.767	10.957	72.741						
4	.571	8.160	80.901						
5	.511	7.300	88.202						
6	.426	6.082	94.284						
7	.400	5.716	100.000						

Extraction Method: Principal Component Analysis.

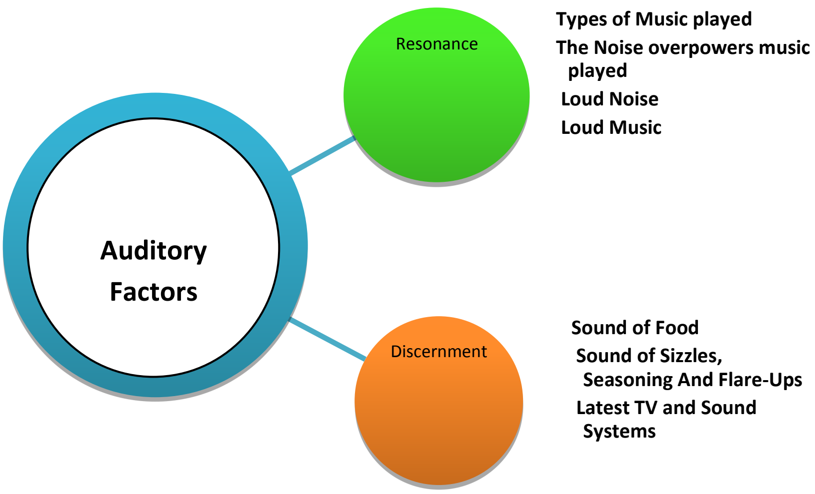
The nine questions related to the important Auditory Factors/determinants affecting the Customer in a Luxury Hotel were analyzed using Principal Component Analysis with Varimax (orthogonal) Rotation. Looking form the rotated component matrix the analysis yields two factors explaining a total of 61.785% of the variance for the entire set of variables. The first Component is labeled as Resonance as important Auditory Factors/determinants affecting the Customer in a Luxury Hotel due to the high loadings by the following items: Types of Music played (0.522), The Noise overpowers music played (0.836), Loud Noise (0.805) and Loud Music (0.780). This component explained 33.360% of the variance. The second component derived is labeled as Discernment as important Auditory Factors/determinants affecting the Customer in a Luxury Hotel. This component was labeled as such due to the high loadings by the following factors: Sound of Food (0.765), Sound of Sizzles, Seasoning and Flare-Ups (0.793), Latest TV and Sound Systems (0.764). The variance explained by this factor is 28.424%.

Table 4.54 Components as Extracted from Factor Analysis for Auditory Factors

Component	Factors in the component	Factor loading	Percentage variation (from rotation sums of squared loading)
Component 1 Resonance	The Types of Music played in the Hotel are in accordance with the themes of the area	0.522	33.360
	The Noise in the Hotel overpowers the music played	0.836	
	The Loud Noise in the Hotel influences my taste perceptions	0.805	
	The Loud Music in the Hotel makes me dynamic and excited	0.780	
Component 2 Discernment	Sound of Food influences my perception of texture, quality and freshness of food. (hard soft crispy, sticky, liquid)	0.765	28.424
	The sound of Sizzles, Seasoning And Flare-Ups of the kitchen interests me towards the dishes cooked.	0.793	
	The Hotel uses the latest TV and Sound Systems.	0.764	
Total percent variation from rotation sums of squared loadings			**61.785**

(Source: Compiled by researcher)

Fig 4.15 Components as Extracted from Factor Analysis for Auditory Factors



(Source: Compiled by researcher)

This means that the study has identified three important Auditory Factors/determinants affecting the Customer in a Luxury Hotel. First important Auditory Factors/determinants affecting the Customer in a Luxury Hotel is Resonance (or not), and second important Auditory Factors/determinants affecting the Customer in a Luxury Hotel is Discernment (or not). These elements are independent of one another (i.e. they are not correlated).

4.10 Tactile Factors

Table 4. 55 The Furniture of Luxury Hotel is Comfortable to be used for Longer Hours

			Furniture of Luxury Hotel is Comfortable					Total
			1	2	3	4	5	
Hotel	FORTUNE INN SREE KANYA	Count	0	0	27	43	30	100
		% within Hotel	0.0%	0.0%	27.0%	43.0%	30.0%	100.0%
	TAJ VIVANTA	Count	0	13	27	33	27	100
		% within Hotel	0.0%	13.0%	27.0%	33.0%	27.0%	100.0%
	GREENPARK VIZAG	Count	2	5	26	38	29	100
		% within Hotel	2.0%	5.0%	26.0%	38.0%	29.0%	100.0%
	ACCOR NOVOTEL	Count	0	3	30	51	16	100
		% within Hotel	0.0%	3.0%	30.0%	51.0%	16.0%	100.0%
	ITC PARK VALLABHA	Count	0	2	16	47	35	100
		% within Hotel	0.0%	2.0%	16.0%	47.0%	35.0%	100.0%
	GREENPARK	Count	1	2	24	42	31	100
		% within Hotel	1.0%	2.0%	24.0%	42.0%	31.0%	100.0%
	TAJ RESIDENCY	Count	0	1	16	37	46	100
		% within Hotel	0.0%	1.0%	16.0%	37.0%	46.0%	100.0%
	ACCOR NOVOTEL VIZAG	Count	0	2	26	47	25	100
		% within Hotel	0.0%	2.0%	26.0%	47.0%	25.0%	100.0%
Total		Count	3	28	192	338	239	800
		% within Hotel	0.4%	3.5%	24.0%	42.2%	29.9%	100.0%

From the above given table it is found that 72.1% of the total respondents agree that the furniture of the hotel is comfortable to be used for longer hours. Whereas, 24% of the total respondents neither disagree nor agree to this statement. 73% of the respondents from Fortune Inn Sree Kanya, Vishakhapatnam agreed that the furniture of the hotel is comfortable to be used for longer hours and 27% of the respondents neither disagree nor agree to this statement. In the case of Taj Vivanta, Hyderabad 60% agreed and 27% neither disagree nor agree to this statement. At the Greenpark, Vishakhapatnam 67% of the respondents agreed and 26% neither disagree nor agree to this statement. For Accor Novotel, Kondapur 67% of the respondents agreed and 30% of the respondents neither disagree nor agree to this statement. In the case of ITC Park Vallabha, Hyderabad 82% of the respondents agreed and 16% of the respondents neither disagree nor agree to this statement. At the Greenpark, Hyderabad 73% of the respondents agreed and 24% neither disagree nor agree to this statement. 83% of the respondents from Taj Residency, Vishakhapatnam agreed the furniture of the hotel is comfortable to be used for longer hours and 16% of the respondents neither disagree nor agree to this statement. For Accor Novotel, Vishakhapatnam 72% of the respondents agreed and 26% of the respondents neither disagree nor agree to this statement. The Chi-Square calculated value at df=28 at 5 % level of significance is 75.132 and the table value is 41.337. As the calculated value is greater than the table value (75.132 > 41.337), the null hypothesis is rejected and it is concluded that the furniture of the hotel is comfortable to be used for long hours.

4.10.1 Hypothesis 5 - Hotel's Food's Mouthfeel is Satisfying to the Customer

Table 4.56 Hotel's Food's Mouthfeel is Satisfying to the Customer

			Luxury Hotel Food Mouthfeel is Satisfying					Total
			1	2	3	4	5	
Hotel	FORTUNE INN SREE KANYA	Count	1	0	29	51	19	100
		% within Hotel	1.0%	0.0%	29.0%	51.0%	19.0%	100.0%
	TAJ VIVANTA	Count	0	2	26	51	21	100
		% within Hotel	0.0%	2.0%	26.0%	51.0%	21.0%	100.0%
	GREENPARK VIZAG	Count	1	4	21	45	29	100
		% within Hotel	1.0%	4.0%	21.0%	45.0%	29.0%	100.0%
	ACCOR NOVOTEL	Count	1	1	29	45	24	100
		% within Hotel	1.0%	1.0%	29.0%	45.0%	24.0%	100.0%
	ITC PARK VALLABHA	Count	1	4	12	50	33	100
		% within Hotel	1.0%	4.0%	12.0%	50.0%	33.0%	100.0%
	GREENPARK	Count	1	4	30	46	19	100
		% within Hotel	1.0%	4.0%	30.0%	46.0%	19.0%	100.0%
	TAJ RESIDENCY	Count	1	1	18	48	32	100
		% within Hotel	1.0%	1.0%	18.0%	48.0%	32.0%	100.0%
	ACCOR NOVOTEL VIZAG	Count	0	1	23	43	33	100
		% within Hotel	0.0%	1.0%	23.0%	43.0%	33.0%	100.0%
Total		Count	6	17	188	379	210	800
		% within Hotel	0.8%	2.1%	23.5%	47.4%	26.2%	100.0%

From the above given table it is found that 73.6% of the total respondents agree that the hotel's food's mouthfeel is satisfying to the customer. Whereas, 23.5% of the total respondents neither disagree nor agree to this statement. 70% of the respondents from Fortune Inn Sree Kanya, Vishakhapatnam agreed that hotel's food's mouthfeel is satisfying to the customer and 29% of the respondents neither disagree nor agree to this statement. In the case of Taj Vivanta, Hyderabad 72% agreed and 26% neither disagree nor agree to this statement. At the Greenpark, Vishakhapatnam 74% of the respondents agreed and 21% neither disagree nor agree to this statement. For Accor Novotel, Kondapur 69% of the respondents agreed and 29% of the respondents neither disagree nor agree to this statement. In the case of ITC Park Vallabha, Hyderabad 83% of the respondents agreed and 12% of the respondents neither disagree nor agree to this statement. At the Greenpark, Hyderabad 65% of the respondents agreed and 30% neither disagree nor agree to this statement. 80% of the respondents from Taj Residency, Vishakhapatnam agreed that the hotel's food's mouthfeel is satisfying to the customer and 18% of the respondents neither disagree nor agree to this statement. For Accor Novotel, Vishakhapatnam 76% of the respondents agreed and 23% of the respondents neither disagree nor agree to this statement.

Table 4.57 Chi-Square Tests of the Hotel's Food's Mouthfeel

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	34.369[a]	28	.189
Likelihood Ratio	38.544	28	.089
Linear-by-Linear Association	3.696	1	.055
N of Valid Cases	800		

From the above table it is observed that the Chi-Square test, df=28 at 5 % level of significance is 34.369 and the table value is 41.337. As the calculated value is lesser than the table value (34.369 < 41.337), the null hypothesis is accepted and it is concluded that the hotel's food's mouthfeel is not satisfying to the customer.

4.10.2 Factor Analysis as Applied to the Tactile Factors

Table 4.58 KMO and Bartlett's Test of the Tactile Factors

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.837
Bartlett's Test of Sphericity	Approx. Chi-Square	2175.750
	df	45
	Sig.	.000

Factor analysis is run to explore the factors that are regarded important Tactile Factors/determinants affecting the Customer in a Luxury Hotel. The data collected on ordinal scaling is validated by the KMO test for measuring of validation and the sampling adequacy. This measure varies between 0 to1 and values closer to 1 are better. A value of 0.6 is suggested minimum and in this case the KMO value is 0.837. .

For Bartlett's test of Sphericity the null hypothesis the correlation matrix is an identity matrix. An identity matrix, is a matrix in which all of the diagonal elements are one and all off diagonal elements are zero. The research rejects this null hypothesis. Taken together, these tests provide a minimum standard which should be passed before Factor Analysis is conducted.

The factors that are extracted based on the responses of the customer which help in narrowing down the factors from a total of 10 variables to 2 components.

Table 4.59 Total Variance Explained of the Tactile Factors

Total Variance Explained									
Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.826	38.259	38.259	3.826	38.259	38.259	2.642	26.419	26.419
2	1.348	13.477	51.736	1.348	13.477	51.736	2.532	25.317	51.736
3	.905	9.048	60.784						
4	.864	8.636	69.420						
5	.622	6.218	75.638						
6	.601	6.014	81.652						
7	.552	5.522	87.174						
8	.459	4.594	91.768						
9	.416	4.160	95.928						
10	.407	4.072	100.000						
Extraction Method: Principal Component Analysis.									

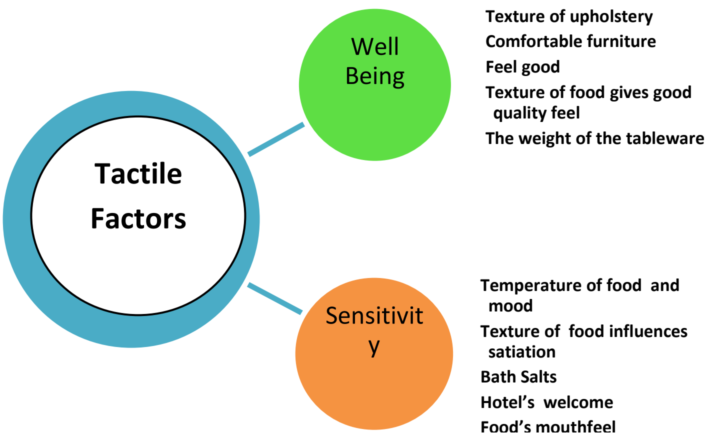
The ten questions related to the important Tactile Factors affecting the Customer in a Luxury Hotel were analyzed using Principal Component Analysis with Varimax (orthogonal) Rotation. Looking form the rotated component matrix the analysis yields two factors explaining a total of 51.736% of the variance for the entire set of variables. The first Component is labeled as Well Being as important Tactile Factors/determinants affecting the Customer in a Luxury Hotel due to the high loadings by the following items: Texture of upholstery (0.778), Comfortable furniture (0.741), and Feel good (0.775), Texture of food gives good quality feel (0.567), and Weight of the tableware (0.591). This component explained 26.419% of the variance. The second component derived is labeled as Sensitivity as important Olfactory Factors/determinants affecting the Customer in a Luxury Hotel. This component was labeled as such due to the high loadings by the following factors: Temperature of food and mood (0.742), Texture of food influences satiation (0.756), Bath Salts (0.669), Hotel's welcome (0.625), and Food's mouthfeel (0.625). The variance explained by this factor is 25.317%.

Table 4.60 Components as Extracted from Factor Analysis for Tactile Factors

Component	Factors in the component	Factor loading	Percentage variation (from rotation sums of squared loading)
Component 1 Well Being	The texture of the upholstery and linen used in the Luxury Hotel gives a rich, smooth and comfortable feeling.	0.778	26.419
	The furniture of Luxury Hotel is comfortable to be used for longer hours.	0.741	
	The general touch of the Luxury Hotel makes me feel good.	0.775	
	The texture of the food served gives me a good quality feel	0.567	
	The weight of the tableware (cutlery, crockery and glassware) influences my perception of quality	0.591	
Component 2 Sensitivity	The temperature of the food served affects my mood	0.742	25.317
	The texture of the food influences my satiation (to satisfy to the full) levels	0.756	
	The Luxury Hotel provides a variety of Bath Salts	0.669	
	The Hotel's staff welcomes with a warm and friendly handshake	0.625	
	The Luxury Hotel's food's mouthfeel is satisfying to me	0.625	
Total percent variation from rotation sums of squared loadings			**51.736**

(Source: Compiled by researcher)

Fig 4.16 Components as Extracted from Factor Analysis for Tactile Factors



(Source: Compiled by researcher)

This means that the study has identified two important Tactile Factors/determinants affecting the Customer in a Luxury Hotel. First important Tactile Factors/determinants affecting the Customer in a Luxury Hotel is Well Being (or not), and second important Tactile Factors/determinants affecting the Customer in a Luxury Hotel is Sensitivity (or not). These elements are independent of one another (i.e. they are not correlated).

4.11 Gustative Factors

Table 4.61 The quantity of the Food Served by the Hotel is Sufficient

			Quantity of the Food Served by the Hotel is Sufficient					Total
			1	2	3	4	5	
Hotel	FORTUNE INN SREE KANYA	Count	0	0	35	45	20	100
		% within Hotel	0.0%	0.0%	35.0%	45.0%	20.0%	100.0%
	TAJ VIVANTA	Count	0	4	26	48	22	100
		% within Hotel	0.0%	4.0%	26.0%	48.0%	22.0%	100.0%
	GREENPARK VIZAG	Count	0	3	21	43	33	100
		% within Hotel	0.0%	3.0%	21.0%	43.0%	33.0%	100.0%
	ACCOR NOVOTEL	Count	1	2	26	49	22	100
		% within Hotel	1.0%	2.0%	26.0%	49.0%	22.0%	100.0%
	ITC PARK VALLABHA	Count	1	4	19	39	37	100
		% within Hotel	1.0%	4.0%	19.0%	39.0%	37.0%	100.0%
	GREENPARK	Count	1	1	26	42	30	100
		% within Hotel	1.0%	1.0%	26.0%	42.0%	30.0%	100.0%
	TAJ RESIDENCY	Count	1	7	22	38	32	100
		% within Hotel	1.0%	7.0%	22.0%	38.0%	32.0%	100.0%
	ACCOR NOVOTEL VIZAG	Count	0	0	31	33	36	100
		% within Hotel	0.0%	0.0%	31.0%	33.0%	36.0%	100.0%
Total		Count	4	21	206	337	232	800
		% within Hotel	0.5%	2.6%	25.8%	42.1%	29.0%	100.0%

From the above given table it is found that 71.1% of the total respondents agree that the quantity of the food served by the hotel is sufficient. Whereas, 25.8% of the total respondents neither disagree nor agree to this statement. 65% of the respondents from Fortune Inn Sree Kanya, Vishakhapatnam agreed that the quantity of the food served by the hotel is sufficient and 35% of the respondents neither disagree nor agree to this statement. In the case of Taj Vivanta, Hyderabad 70% agreed and 26% neither disagree nor agree to this statement. At the Greenpark, Vishakhapatnam 76% of the respondents agreed and 21% neither disagree nor agree to this statement. For Accor Novotel, Kondapur 71% of the respondents agreed and 26% of the respondents neither disagree nor agree to this statement. In the case of ITC Park Vallabha, Hyderabad 76% of the respondents agreed and 19% of the respondents neither disagree nor agree to this statement. At the Greenpark, Hyderabad 72% of the respondents agreed and 26% neither disagree nor agree to this statement. 70% of the respondents from Taj Residency, Vishakhapatnam agreed that the quantity of the food served by the hotel is sufficient and 22% of the respondents neither disagree nor agree to this statement. For Accor Novotel, Vishakhapatnam 69% of the respondents agreed and 31% of the respondents neither disagree nor agree to this statement. The Chi-Square calculated value at df=28 at 5 % level of significance is 42.517 and the table value is 41.337. As the calculated value is greater than the table value (42.517 > 41.337), the null hypothesis is rejected and it is concluded that the quantity of food served by the hotel is sufficient.

Table 4.62 The Hotel's Menu Offers a Variety of Cuisines to Cater to Different Tastes

			Hotel Menu Offers a Variety of Cuisines					Total
			1	2	3	4	5	
Hotel	FORTUNE INN SREE KANYA	Count	0	2	29	48	21	100
		% within Hotel	0.0%	2.0%	29.0%	48.0%	21.0%	100.0%
	TAJ VIVANTA	Count	0	7	20	42	31	100
		% within Hotel	0.0%	7.0%	20.0%	42.0%	31.0%	100.0%
	GREENPARK VIZAG	Count	0	2	22	42	34	100
		% within Hotel	0.0%	2.0%	22.0%	42.0%	34.0%	100.0%
	ACCOR NOVOTEL	Count	0	1	25	50	24	100
		% within Hotel	0.0%	1.0%	25.0%	50.0%	24.0%	100.0%
	ITC PARK VALLABHA	Count	1	0	14	54	31	100
		% within Hotel	1.0%	0.0%	14.0%	54.0%	31.0%	100.0%
	GREENPARK	Count	1	1	21	51	26	100
		% within Hotel	1.0%	1.0%	21.0%	51.0%	26.0%	100.0%
	TAJ RESIDENCY	Count	0	6	17	40	37	100
		% within Hotel	0.0%	6.0%	17.0%	40.0%	37.0%	100.0%
	ACCOR NOVOTEL VIZAG	Count	0	2	20	45	33	100
		% within Hotel	0.0%	2.0%	20.0%	45.0%	33.0%	100.0%
Total		Count	2	21	168	372	237	800
		% within Hotel	0.2%	2.6%	21.0%	46.5%	29.6%	100.0%

From the above given table it is found that 76.1% of the total respondents agree that the hotel's menu offers a variety of cuisines to cater to different tastes. Whereas, 21% of the total respondents neither disagree nor agree to this statement. 69% of the respondents from Fortune Inn Sree Kanya, Vishakhapatnam agreed that the hotel's menu offers a variety of cuisines to cater to different tastes and 29% of the respondents neither disagree nor agree to this statement. In the case of Taj Vivanta, Hyderabad 73% agreed and 20% neither disagree nor agree to this statement. At the Greenpark, Vishakhapatnam 76% of the respondents agreed and 22% neither disagree nor agree to this statement. For Accor Novotel, Kondapur 74% of the respondents agreed and 25% of the respondents neither disagree nor agree to this statement. In the case of ITC Park Vallabha, Hyderabad 85% of the respondents agreed and 14% of the respondents neither disagree nor agree to this statement. At the Greenpark, Hyderabad 77% of the respondents agreed and 21% neither disagree nor agree to this statement. 77% of the respondents from Taj Residency, Vishakhapatnam agreed that that the hotel's menu offers a variety of cuisines to cater to different tastes and 17% of the respondents neither disagree nor agree to this statement. For Accor Novotel, Vishakhapatnam 78% of the respondents agreed and 20% of the respondents neither disagree nor agree to this statement. The Chi-Square calculated value at df=28 at 5 % level of significance is 40.564 and the table value is 41.337. As the calculated value is lesser than the table value (40.564 < 41.337), the null hypothesis is accepted and it is concluded that the hotel's menu does not offer a variety of cuisines to cater to different tastes.

4.11.1 Hypothesis 6 - The Dish Description Available on the Hotel's Menu does not help the Customer in Decision Making.

Table 4.63 The Dish Description Available on the Hotel's Menu does not help the Customer in Decision Making

			Basic Dish Description Available					Total
			1	2	3	4	5	
Hotel	FORTUNE INN SREE KANYA	Count	1	2	37	35	25	100
		% within Hotel	1.0%	2.0%	37.0%	35.0%	25.0%	100.0%
	TAJ VIVANTA	Count	2	16	31	27	24	100
		% within Hotel	2.0%	16.0%	31.0%	27.0%	24.0%	100.0%
	GREENPARK VIZAG	Count	5	5	20	47	23	100
		% within Hotel	5.0%	5.0%	20.0%	47.0%	23.0%	100.0%
	ACCOR NOVOTEL	Count	2	13	26	46	13	100
		% within Hotel	2.0%	13.0%	26.0%	46.0%	13.0%	100.0%
	ITC PARK VALLABHA	Count	1	6	16	57	20	100
		% within Hotel	1.0%	6.0%	16.0%	57.0%	20.0%	100.0%
	GREENPARK	Count	6	16	30	31	17	100
		% within Hotel	6.0%	16.0%	30.0%	31.0%	17.0%	100.0%
	TAJ RESIDENCY	Count	5	6	26	35	28	100
		% within Hotel	5.0%	6.0%	26.0%	35.0%	28.0%	100.0%
	ACCOR NOVOTEL VIZAG	Count	0	3	25	40	32	100
		% within Hotel	0.0%	3.0%	25.0%	40.0%	32.0%	100.0%
Total		Count	22	67	211	318	182	800
		% within Hotel	2.8%	8.4%	26.4%	39.8%	22.8%	100.0%

From the above given table it is found that 62.6% of the total respondents agree that the dish description available on the Hotel's menu does not help the customer in decision making. Whereas, 26.4% of the total respondents neither disagree nor agree to this statement. 60% of the respondents from Fortune Inn Sree Kanya, Vishakhapatnam agreed that the dish description available on the Hotel's menu does not help the customer in decision making and 37% of the respondents neither disagree nor agree to this statement. In the case of Taj Vivanta, Hyderabad 51% agreed and 31% neither disagree nor agree to this statement. At the Greenpark, Vishakhapatnam 70% of the respondents agreed and 20% neither disagree nor agree to this statement. For Accor Novotel, Kondapur 59% of the respondents agreed and 26% of the respondents neither disagree nor agree to this statement. In the case of ITC Park Vallabha, Hyderabad 77% of the respondents agreed and 16% of the respondents neither disagree nor agree to this statement. At the Greenpark, Hyderabad 48% of the respondents agreed and 30% neither disagree nor agree to this statement. 63% of the respondents from Taj Residency, Vishakhapatnam agreed that the dish description available on the Hotel's menu does not help the customer in decision making and 26% of the respondents neither disagree nor agree to this statement. For Accor Novotel, Vishakhapatnam 72% of the respondents agreed and 25% of the respondents neither disagree nor agree to this statement.

Table 4.64 Chi-Square Tests of the Dish Description Available on the Hotel's Menu does not help the Customer in Decision Making

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	79.825[a]	28	.000
Likelihood Ratio	82.399	28	.000
Linear-by-Linear Association	1.421	1	.233
N of Valid Cases	800		

From the above table it is observed that the Chi-Square test, df=28 at 5 % level of significance is 79.825 and the table value is 41.337. As the calculated value is greater than the table value (79.825 > 41.337), the null hypothesis is rejected and it is concluded that the dish description available on the Hotel's menu does not help the customer in decision making.

4.11.2 Factor Analysis as Applied to the Gustative Factors

Table 4.65 KMO and Bartlett's Test of the Gustative Factors

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.795
Bartlett's Test of Sphericity	Approx. Chi-Square	1010.696
	df	21
	Sig.	.000

Factor analysis is run to explore the factors that are regarded important Gustative Factors/determinants affecting the Customer in a Luxury Hotel. The data collected on ordinal scaling is validated by the KMO test for measuring of validation and the sampling adequacy. This measure varies between 0 to1 and values closer to 1 are better. A value of 0.6 is suggested minimum and in this case the KMO value is 0.795. .

For Bartlett's test of Sphericity the null hypothesis the correlation matrix is an identity matrix. An identity matrix, is a matrix in which all of the diagonal elements are one and all off diagonal elements are zero. The research rejects this null hypothesis. Taken together, these tests provide a minimum standard which should be passed before Factor Analysis is conducted. The factors that are extracted based on the responses of the customer which help in narrowing down the factors from a total of 8 variables to 2 components.

Table 4.66 Total Variance Explained of the Gustative Factors

Total Variance Explained									
Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.736	39.090	39.090	2.736	39.090	39.090	2.044	29.207	29.207
2	1.139	16.271	55.361	1.139	16.271	55.361	1.831	26.155	55.361
3	.738	10.540	65.901						
4	.678	9.682	75.584						
5	.641	9.159	84.743						
6	.598	8.542	93.286						
7	.470	6.714	100.000						
Extraction Method: Principal Component Analysis.									

The ten questions related to the important Gustative Factors/determinants affecting the Customer in a Luxury Hotel were analyzed using Principal Component Analysis with Varimax (orthogonal) Rotation. Looking form the rotated component matrix the analysis yields two factors explaining a total of 55.361% of the variance for the entire set of variables. The first Component is labeled as Menu as important Gustative Factors/determinants affecting the Customer in a Luxury Hotel due to the high loadings by the following items: Variety of cuisines (0.535), Reasonably priced (0.738), Basic dish description (0.732) and

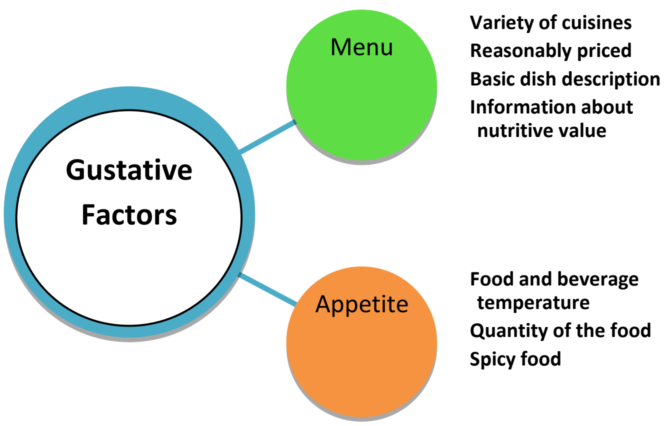
Information about nutritive value (0.778). This component explained 29.207% of the variance. The second component derived is labeled as Appetite as important Olfactory Factors/determinants affecting the Customer in a Luxury Hotel. This component was labeled as such due to the high loadings by the following factors: Food and beverage temperature (0.771), Quantity of the food (0.721) and Spicy food (0.731). The variance explained by this factor is 26.155%.

Table 4.67 Components as Extracted from Factor Analysis for Gustative Factors

Component	Factors in the component	Factor loading	Percentage variation (from rotation sums of squared loading)
Component 1 Menu	The Hotel's menu offers a variety of cuisines to cater to different tastes	0.535	29.207
	The Hotel's menu is reasonably priced	0.738	
	Basic dish description available on the Hotel's menu does not help me in decision making	0.732	
	The Hotel menu gives information about the dish's nutritive value	0.778	
Component 2 Appetite	The Hotel serves the food and beverages with proper temperature which adds to their flavor	0.771	26.155
	The quantity of the food served by the Hotel is sufficient	0.721	
	Spicy food discourages me to eat	0.731	
Total percent variation from rotation sums of squared loadings			**55.361**

(Source: Compiled by researcher)

Fig 4.17 Components as Extracted from Factor Analysis for Gustative Factors



(Source: Compiled by researcher)

This means that the study has identified two important Gustative Factors/determinants affecting the Customer in a Luxury Hotel. First important Gustative Factors/determinants affecting the Customer in a Luxury Hotel is Menu (or not), and second important Gustative Factors/determinants affecting the Customer in a Luxury Hotel is Appetite (or not). These elements are independent of one another (i.e. they are not correlated).

Table 4.68 The Hotel Uses the Latest User Friendly Technology

			Hotel Uses the Latest User Friendly Technology					Total
			1	2	3	4	5	
Hotel	FORTUNE INN SREE KANYA	Count	1	2	24	51	22	100
		% within Hotel	1.0%	2.0%	24.0%	51.0%	22.0%	100.0%
	TAJ VIVANTA	Count	0	8	24	39	29	100
		% within Hotel	0.0%	8.0%	24.0%	39.0%	29.0%	100.0%
	GREENPARK VIZAG	Count	0	6	22	44	28	100
		% within Hotel	0.0%	6.0%	22.0%	44.0%	28.0%	100.0%
	ACCOR NOVOTEL	Count	1	3	33	43	20	100
		% within Hotel	1.0%	3.0%	33.0%	43.0%	20.0%	100.0%
	ITC PARK VALLABHA	Count	1	1	12	57	29	100
		% within Hotel	1.0%	1.0%	12.0%	57.0%	29.0%	100.0%
	GREENPARK	Count	1	5	28	43	23	100
		% within Hotel	1.0%	5.0%	28.0%	43.0%	23.0%	100.0%
	TAJ RESIDENCY	Count	1	3	19	34	43	100
		% within Hotel	1.0%	3.0%	19.0%	34.0%	43.0%	100.0%
	ACCOR NOVOTEL VIZAG	Count	0	5	15	45	35	100
		% within Hotel	0.0%	5.0%	15.0%	45.0%	35.0%	100.0%
Total		Count	5	33	177	356	229	800
		% within Hotel	0.6%	4.1%	22.1%	44.5%	28.6%	100.0%

From the above given table it is found that 73.1% of the total respondents agree that the hotel uses the latest user friendly technology. Whereas, 22.1% of the total respondents neither disagree nor agree to this statement and 4.7% of the total respondents disagree and strongly disagree to this statement. 73% of the respondents from Fortune Inn Sree Kanya, Vishakhapatnam agreed that the total experience in the Hotel is Satisfying and 24% of the respondents neither disagree nor agree to this statement. In the case of Taj Vivanta, Hyderabad 68% agreed and 24% neither disagree nor agree to this statement. At the Greenpark, Vishakhapatnam 72% of the respondents agreed and 22% neither disagree nor agree to this statement. For Accor Novotel, Kondapur 63% of the respondents agreed and 33% of the respondents neither disagree nor agree to this statement. In the case of ITC Park Vallabha, Hyderabad 86% of the respondents agreed and 12% of the respondents neither disagree nor agree to this statement. At the Greenpark, Hyderabad 66% of the respondents agreed and 28% neither disagree nor agree to this statement. 77% of the respondents from Taj Residency, Vishakhapatnam agreed that that the hotel's menu offers a variety of cuisines to cater to different tastes and 19% of the respondents neither disagree nor agree to this statement. For Accor Novotel, Vishakhapatnam 80% of the respondents agreed and 15% of the respondents neither disagree nor agree to this statement. The Chi-Square calculated value at df=28 at 5 % level of significance is 48.163 and the table value is 41.337. As the calculated value is greater than the table value (48.163 > 41.337), the null hypothesis is rejected and it is concluded that the hotel uses the latest user friendly technology.

Table 4.69 The Hotel Website gives me Complete and Update Information, Creating a Pleasurable Experience Online?

			Hotel Website Gives Me Complete Experience Online					Total
			1	2	3	4	5	
Hotel	FORTUNE INN SREE KANYA	Count	1	0	24	59	16	100
		% within Hotel	1.0%	0.0%	24.0%	59.0%	16.0%	100.0%
	TAJ VIVANTA	Count	2	7	40	30	21	100
		% within Hotel	2.0%	7.0%	40.0%	30.0%	21.0%	100.0%
	GREENPARK VIZAG	Count	1	7	20	45	27	100
		% within Hotel	1.0%	7.0%	20.0%	45.0%	27.0%	100.0%
	ACCOR NOVOTEL	Count	0	6	36	40	18	100
		% within Hotel	0.0%	6.0%	36.0%	40.0%	18.0%	100.0%
	ITC PARK VALLABHA	Count	3	4	18	54	21	100
		% within Hotel	3.0%	4.0%	18.0%	54.0%	21.0%	100.0%
	GREENPARK	Count	2	7	23	48	20	100
		% within Hotel	2.0%	7.0%	23.0%	48.0%	20.0%	100.0%
	TAJ RESIDENCY	Count	0	3	22	40	35	100
		% within Hotel	0.0%	3.0%	22.0%	40.0%	35.0%	100.0%
	ACCOR NOVOTEL VIZAG	Count	2	3	22	46	27	100
		% within Hotel	2.0%	3.0%	22.0%	46.0%	27.0%	100.0%
Total		Count	11	37	205	362	185	800
		% within Hotel	1.4%	4.6%	25.6%	45.2%	23.1%	100.0%

From the above given table it is found that 68.3% of the total respondents agree that the hotel's website gives them complete and update information, creating a pleasurable experience online. Whereas, 25.6% of the total respondents neither disagree nor agree to this statement and 6% of the respondents disagree and strongly disagree to this statement. 75% of the respondents from Fortune Inn Sree Kanya, Vishakhapatnam agreed that the hotel's website gives them complete and update information, creating a pleasurable experience online and 24% of the respondents neither disagree nor agree to this statement. In the case of Taj Vivanta, Hyderabad 51% agreed and 40% neither disagree nor agree to this statement. At the Greenpark, Vishakhapatnam 72% of the respondents agreed and 20% neither disagree nor agree to this statement. For Accor Novotel, Kondapur 58% of the respondents agreed and

36% of the respondents neither disagree nor agree to this statement. In the case of ITC Park Vallabha, Hyderabad 75% of the respondents agreed and 18% of the respondents neither disagree nor agree to this statement. At the Greenpark, Hyderabad 68% of the respondents agreed and 23% neither disagree nor agree to this statement. 75% of the respondents from Taj Residency, Vishakhapatnam agreed that the hotel's website gives them complete and update information, creating a pleasurable experience online and 22% of the respondents neither disagree nor agree to this statement. For Accor Novotel, Vishakhapatnam 73% of the respondents agreed and 22% of the respondents neither disagree nor agree to this statement. The Chi-Square calculated value at df=28 at 5 % level of significance is 56.761 and the table value is 41.337. As the calculated value is greater than the table value (56.761 > 41.337), the null hypothesis is rejected and it is concluded that the hotel's website gives the customer's complete and update information, creating a pleasurable experience online.

Table 4.70 This Online Experience tempts me to Visit and Experience the Hotel?

			Online Experience Tempts to Visit and Experience the Hotel					Total
			1	2	3	4	5	
Hotel	FORTUNE INN SREE KANYA	Count	0	0	29	48	23	100
		% within Hotel	0.0%	0.0%	29.0%	48.0%	23.0%	100.0%
	TAJ VIVANTA	Count	2	13	30	41	14	100
		% within Hotel	2.0%	13.0%	30.0%	41.0%	14.0%	100.0%
	GREENPARK VIZAG	Count	1	4	17	49	29	100
		% within Hotel	1.0%	4.0%	17.0%	49.0%	29.0%	100.0%
	ACCOR NOVOTEL	Count	1	8	28	48	15	100
		% within Hotel	1.0%	8.0%	28.0%	48.0%	15.0%	100.0%
	ITC PARK VALLABA	Count	2	3	19	59	17	100
		% within Hotel	2.0%	3.0%	19.0%	59.0%	17.0%	100.0%
	GREENPARK	Count	3	4	32	40	21	100
		% within Hotel	3.0%	4.0%	32.0%	40.0%	21.0%	100.0%
	TAJ RESIDENCY	Count	0	1	19	42	38	100
		% within Hotel	0.0%	1.0%	19.0%	42.0%	38.0%	100.0%
	ACCOR NOVOTEL VIZAG	Count	0	2	20	52	26	100
		% within Hotel	0.0%	2.0%	20.0%	52.0%	26.0%	100.0%
Total		Count	9	35	194	379	183	800
		% within Hotel	1.1%	4.4%	24.2%	47.4%	22.9%	100.0%

From the above given table it is found that 70.3% of the total respondents agree that the online experience tempts them to visit and experience the hotel. Whereas, 24.2% of the total respondents neither disagree nor agree to this statement. 71% of the respondents from Fortune Inn Sree Kanya, Vishakhapatnam agreed that the online experience tempts them to visit and experience the hotel and 29% of the respondents neither disagree nor agree to this statement. In the case of Taj Vivanta, Hyderabad 55% agreed and 30% neither disagree nor agree to this statement. At the Greenpark, Vishakhapatnam 78% of the respondents agreed and 17% neither disagree nor agree to this statement. For Accor Novotel, Kondapur 63% of the respondents agreed and 28% of the respondents neither disagree nor agree to this statement. In the case of ITC Park Vallabha, Hyderabad 76% of the respondents agreed and 19% of the respondents neither disagree nor agree to this statement. At the Greenpark, Hyderabad 61% of the respondents agreed and 32% neither disagree nor agree to this statement. 80% of the respondents from Taj Residency, Vishakhapatnam agreed that the online experience tempts them to visit and experience the hotel and 19% of the respondents neither disagree nor agree to this statement. For Accor Novotel, Vishakhapatnam 82% of the respondents agreed and 20% of the respondents neither disagree nor agree to this statement. The Chi-Square calculated value at df=28 at 5 % level of significance is 73.074 and the table value is 41.337. As the calculated value is greater than the table value (73.074 > 41.337), the null hypothesis is rejected and it is concluded that the online experience tempts the customer's to visit and experience the hotel.

4.11.3 Hypothesis 7 - Futuristic online multisensory marketing is an effective strategy leading to better revenue generation for the hotels.

Table 4.71 Futuristic online multisensory marketing is an effective strategy leading to better revenue generation for the hotels

			Futuristic Online Multisensory Marketing an Effective Strategy					Total
			1	2	3	4	5	
Hotel	FORTUNE INN SREE KANYA	Count	0	0	17	61	22	100
		% within Hotel	0.0%	0.0%	17.0%	61.0%	22.0%	100.0%
	TAJ VIVANTA	Count	0	10	30	30	30	100
		% within Hotel	0.0%	10.0%	30.0%	30.0%	30.0%	100.0%
	GREENPARK VIZAG	Count	1	3	25	40	31	100
		% within Hotel	1.0%	3.0%	25.0%	40.0%	31.0%	100.0%
	ACCOR NOVOTEL	Count	0	1	25	52	22	100
		% within Hotel	0.0%	1.0%	25.0%	52.0%	22.0%	100.0%
	ITC PARK VALLABA	Count	0	1	13	54	32	100
		% within Hotel	0.0%	1.0%	13.0%	54.0%	32.0%	100.0%
	GREENPARK	Count	1	4	25	38	32	100
		% within Hotel	1.0%	4.0%	25.0%	38.0%	32.0%	100.0%
	TAJ RESIDENCY	Count	0	2	17	41	40	100
		% within Hotel	0.0%	2.0%	17.0%	41.0%	40.0%	100.0%
	ACCOR NOVOTEL VIZAG	Count	0	1	16	45	38	100
		% within Hotel	0.0%	1.0%	16.0%	45.0%	38.0%	100.0%
Total		Count	2	22	168	361	247	800
		% within Hotel	0.2%	2.8%	21.0%	45.1%	30.9%	100.0%

From the above given table it is found that 76% of the total respondents agree that the Futuristic online multisensory marketing is an effective strategy leading to better revenue generation for the hotels. Whereas, 21% of the total respondents neither disagree nor agree to this statement. 83% of the respondents from Fortune Inn Sree Kanya, Vishakhapatnam agreed that the Futuristic online multisensory marketing is an effective strategy leading to better revenue generation for the hotels and 17% of the respondents neither disagree nor agree to this statement. In the case of Taj Vivanta, Hyderabad 60% agreed and 30% neither disagree nor agree to this statement. At the Greenpark, Vishakhapatnam 71% of the respondents agreed and 25% neither disagree nor agree to this statement. For Accor Novotel, Kondapur 74% of the respondents agreed and 25% of the respondents neither disagree nor agree to this statement. In the case of ITC Park Vallabha, Hyderabad 86% of the respondents agreed and 13% of the respondents neither disagree nor agree to this statement. At the Greenpark, Hyderabad 70% of the respondents agreed and 25% neither disagree nor agree to this statement. 81% of the respondents from Taj Residency, Vishakhapatnam agreed that the Futuristic online multisensory marketing is an effective strategy leading to better revenue generation for the hotels and 17% of the respondents neither disagree nor agree to this statement. For Accor Novotel, Vishakhapatnam 83% of the respondents agreed and 16% of the respondents neither disagree nor agree to this statement.

Table 4.72 Chi-Square Tests of the Futuristic online multisensory marketing is an effective strategy leading to better revenue generation for the hotels

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	68.987[a]	28	.000
Likelihood Ratio	64.937	28	.000
Linear-by-Linear Association	9.940	1	.002
N of Valid Cases	800		

From the above table it is observed that the Chi-Square test, df=28 at 5 % level of significance is 68.987 and the table value is 41.337. As the calculated value is greater than the table value (68.987 > 41.337), the null hypothesis is rejected and it is concluded that Futuristic online multisensory marketing is an effective strategy leading to better revenue generation for the hotels.

4.12 Conclusion

This chapter gives us an insight into the analysis and interpretation of primary data collected from the customers for this research work undertaken based on the objectives and hypotheses framed. Factor analysis was used as a data reduction technique and Chi-square test was applied to test the hypotheses of the study. Seven Hypotheses were framed, out of which Hypothesis 2a, Hypothesis 3b and Hypothesis 5 were rejected, and the rest were accepted.

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CHAPTER- V

FINDINGS, CONCLUSIONS AND SUGGESTIONS

5.0 Introduction

This research primarily investigated into Multisensory Marketing mechanism and customers' understanding of Multisensory as a marketing strategy. The empirical analysis of the primary and the secondary data provided illuminating insights into customers' understanding of Multisensory Marketing. Thus this chapter presents the underlying purpose guiding this research. It answers to the research questions followed by the reflections and implications for further research towards the end of the chapter.

5.1 Findings and Conclusions of the Study

5.1.1 Objectives of the Study

The first objective of this research was to study and explore the mechanisms underlying the Multisensory experience in Hotel environments. According to the interactions with the General Managers and Marketing Directors of the select hotel properties considered for the study, the hotels as such did not follow any specific Multisensory mechanism or means in the hotel. The hotels did not specifically use any brand sensory stimuli in their hotel environments. However, the Taj when contacted acknowledged the using of 'Lemon Grass' flavour of essential oil to scent the Hotel lobby at particular time intervals, especially during their peak business hours. After the completion of the multisensory survey of the Greenpark Hotels, the researcher learned that the Greenpark Hotels too have recently introduced their brand fragrance called "Honey Suckles" which could be described as a "sweet and fruity smell". None of the select hotels play their brand music. Though Taj group of hotels and resorts have their brand music, Taj Vivanta, Hyderabad does not play it. This same was also observed and pointed out while responding to the questionnaire, by one their lady customers from abroad, who felt their brand music, was entertaining and pleasant to the ears.

The second objective of the study was to analyze the customers' perception towards the sensory experiences and to study the quality of services delivered contributing to the customers' satisfaction in the hotels. Questions were formed to realize and analyze the customers' perception towards their sensory experiences. A positive link was found between the customers' sensory perceptions and sensory stimulus. The customers' gave third highest importance to the services offered by the hotels, while selecting the hotel. Thus establishing the positive impact of the environmental sensory stimuli and good services on the customers' satisfaction which, has been accepted and proved through Hypothesis 1.

The third objective was to study the Multisensory Marketing of Four Star and Five Star hotels selected for the study, to suggest alternative systems if required and to recommend Key Result Areas (KRAs) where multisensory is found to be useful. The findings of the study suggests that the Four and Five Star Hotels considered for the study did not specifically follow any particular type of Multisensory strategy; the hotels did not use their aesthetics as a sensory marketing tool or strategy, though the hotels have impressively used aesthetics in their properties which could attract and add to the customers pleasurable experience. Therefore, suggesting that the hotels need to strongly work on the five human senses from the sensory stimulation point of view for their better marketability. The Sight, Smell, Sound, Touch and Taste, and Website/Online Multisensory Marketing are the Key Result Areas for the hotels to smash their brand and develop a potential marketing strategy, leading to a true sensory experience, increasing customer satisfaction and loyalty. The suggestions to optimise on the KRAs have been discussed in detail in the suggestions towards the end of this chapter.

The fourth objective of the study was to analyze the impact of the stimuli, and its success in generating revenue and provide directions for sustained growth. This study asserts that effective use of multisensory as marketing strategy helps in generating revenue for the hotels, by enabling the customers to spend extra duration of time in a hotel, due to its music played, aroma of the food, effective use of lights, encouraging interior colors of the hotel, visual appeal of the food, thus contributing to the overall to customers satisfaction as given in the hypotheses.

The Hotels need to respond to the increasing economic turbulence and start developing multisensory strategies for the decades to come. It is critically important to scan ahead, understand these key multisensory drivers of change and identify the emerging opportunities that would shape the strategic agenda for the hotel sector. The hotels need to develop a mindset that would enable them to rethink consciously their strategies, revolutionize business models, rework service delivery and consequently reinvent the customer experience.

Finally, to succeed, hotels may increasingly view themselves as being in a constant state of experimentation – with the individual properties as living laboratories for the development and testing of new ideas. Every customer interaction could be viewed as a potential source of feedback, new ideas and competitor insight. This requires the hotels to develop deep customer insight, embrace technologies that would help enhance the customers stay and develop leadership and a workforce that can go beyond segmentation to deliver a truly personalized guest experience.

5.1.2 Findings and Conclusions based on Primary Data

The findings of the research suggest that 40.6% of the respondents 'very much' and 'extremely' supported the statement that 'Loud music influences my food and beverage selection'. Thus it can be concluded that the hotels need to be aware of loud music and its potential influence on the customers' food and beverage selection behaviour. So, that the hotels develop music which can influence the customers' selection of their food and beverage resulting in more consumption.

The findings of the research suggest that 49.5% of the customers 'very much' and 'extremely' agreed that the 'Music tempo of the Luxury Hotel influences my dining speed'. Thus, it can be concluded that music tempo influences the dining speed of the customers. Therefore the hotels need to be aware of this and thus play music at such a tempo at which the customers' feel the most influenced to dine, resulting into increase in the duration of time spent at the point of sale.

52.9% of the respondents 'very much' and 'extremely' supported the statement that 'Music of the Luxury Hotel decreases my perception of waiting time'. This means that music played at the hotels does decrease the perception of waiting time of the customers. So, the hotels can use music more efficiently to create a perception of lesser waiting time and consequently making it a pleasant and soothing experience for the customers.

The findings of the research suggest that 58.2% of the respondents ‘very much’ and ‘extremely’ supported the statement that ‘Music of the Luxury Hotel builds a positive "take-away" dining experience’; and 55.7% of the respondents very much’ and ‘extremely’ felt that the ‘Music played in the Luxury Hotel suits time of the day’.

Therefore, there is an imperative need for the hotels to recognize and appreciate the positive impact that music builds on the customers’ behaviour, perceptions, moods, selection of food and beverage, perception of waiting time and experiences felt at the hotel. Initiatives should also be taken cautiously by the hotels to use music according to the tempo and suitability of the time of the day, so as to make it an effective sensory stimulating agent which would result in the increased customer satisfaction, take-away dining experience and a whole new pleasurable experience for the customers’ across all age groups.

The findings of the research suggest that 68.7% of the respondents ‘very much’ and ‘extremely’ felt that ‘The ambience scent of the Luxury Hotel is pleasant and welcoming, which improves my mood’; 68.3% of the respondents ‘very much’ and ‘extremely’ supported the statement that ‘The ambience smell enhances my Hotel experience’, which shows that ambience scent improves the mood of the customers, makes them feel comfortable and enhances their hotel experience when leveraged effectively to add to the customers bonding experience.
As the research suggests 71.6% of the total respondents ‘very much’ and ‘extremely’ affirmed that ‘The efficiency of food service is a determining factor for me to visit the Hotel again’. There is a strong need for the hotels to maintain their efficiency of food services and also to investigate what other services can act as determining factors for the customers to keep visiting them and also for future sustainability. Moreover, 71.8% of the respondents ‘very much’ and ‘extremely’ felt that ‘A healthy menu with nutritive value helps me in making the choice to order a dish’. Thus a menu with nutritive values is imperative to be introduced to keep in tune with the time and to cater to the growing need of health conscious customers to order a dish.

5.1.3 Hypotheses Results

As stated in the introduction, the general purpose of this thesis is to understand Multisensory Marketing perception of the customers and the Multisensory Marketing strategies followed and practised by the hotels. In order to fulfil the purpose, research hypotheses were framed and tested. The results are given as follows:

Hypothesis 1 - Sensory Experience Contributes to Customer Satisfaction in the Hotel.

The evolution of marketing, from transactional marketing to relationship marketing and from it to sensory marketing, holds experiences as core. It is crucial to include and introduce a mixture of cues, and often entail aesthetic expressions that can impact the customer both positive and negative.

This hypothesis is confirmed as the research shows that more customers are attracted by the sensorial interplay of sight, sound, smell, touch and taste contributing to the customer's sensory experience leading to ultimate satisfaction. It is observed that the Chi-Square test, df = 28 at 5 % level of significance is 49.944 and the table value is 41.337. As the calculated value is greater than the table value (49.944 > 41.337), the null hypothesis is rejected and it is concluded that sensory experience does contribute to customers' satisfaction of the select hotel.

Hypothesis 2a - The Visual Appeal of Food Attracts Customer towards Food.

The presentation of food and beverages as a sense expression is important to the taste experience. When asked the respondents, whether the visual appeal of food in the hotel attracts them towards food, it is observed from the results, the customers feel that the visual appeal i.e. the colour and appearance of the food in the select hotels do not attract and attribute to the edibility of the food. The Chi-Square test, df = 28 at 5 % level of significance is 37.016 and the table value is 41.337. As the calculated value is lesser than the table value (37.016 < 41.337), the null hypothesis is accepted, therefore, this hypothesis is not confirmed.

The findings of this research pertaining to sight show that mostly a combination of colour, visual texture, presentation, lighting and sensory cues for visual appeal of food have a positive impact on customers' perception. This result indicates that a visual sensorial interplay creates a more powerful stimulus, attracting more customers towards food in a service space.

Hypothesis 2b - The Interior Colour of the Hotel Encourages the Customers to Stay Longer and Increase Consumption.

A place's atmosphere can be of greater impact than the actual product itself. This reasoning states that the hotel environment has been shown to be influential, where it can provide customers' with experiences and expectations that creates different possibilities of positive characters. It has further been underlined that customers' are interested in experiences that are memorable and engaging, establishing a more personalized. This provides opportunities for hotels to design the environment in a way that represents the brand identity and provide the customers' with an experience. Thus it is of great importance to create an interesting, exciting, and pleasing setting in sensory marketing, as it enables differentiation.

This hypothesis is confirmed because when asked the respondents about the influence of colour of the interiors of the hotel on them, the study proves that interior colour is one of the major elements of the hotel's internal environment which encourages the customers to stay in the hotel for a longer duration and also increases their consumption. It is observed that the Chi-Square test, df=28 at 5 % level of significance is 66.661 and the table value is 41.337. As the calculated value is greater than the table value (66.661 > 41.337), the null hypothesis is rejected and it is concluded that the interior colour of the select hotels encourages the customers to stay longer and increase consumption.

Hypothesis 2c - The Hotels Make Effective Use of Lights which Generate Sales.

It is generally agreed that appropriate lighting can create an appropriate mood, which in itself attracts and captures the customer's interest. Light and lighting effects are of great importance if a brand is to be optimally exposed. Lighting design is seen as a way for a firm or a brand to clarify its identity and its values. Lighting is one important element of the business idea in marketing strategy and tactics. The trend is for light and lighting to combine high-tech, art, and entertainment.

Good lighting is generally recognised as an essential marketing & sales tool. In most cases proper use of lighting can significantly improve sales and have an impact on the customer's experience. Lighting should be one of main priorities in the design and careful consideration of how it relates to the space and products. Lighting as a whole can greatly improve the brand image of the store, lure customers in and enhance the overall experience.

This hypothesis is confirmed as it is observed that the Chi-Square test, df = 28 at 5 % level of significance is 76.238 and the table value is 41.337. As the calculated value is greater than the table value (76.238 > 41.337), the null hypothesis is rejected and it is concluded that the select hotels make effective use of lights to generate sales.

Hypothesis 3a - The Aroma of the Food Makes the Customer Order More.

Stimulating the sense of smell to buy products is not a new concept for those in the food industry. Bakers and Patisseries have been using these techniques for many years. They understand that smell amplifies taste and the use of these smells can attract an otherwise reluctant customer. The sense of smell is the most powerful stimulus known and often provokes a strong emotional response meaning, customers are more likely spend on impulse. It's linked to the fact that people tend to spend more time in the space if the aroma of the area is comfortable, and from this it is likely that turnover will increase.

This hypothesis is confirmed as it is observed that the Chi-Square test, df=28 at 5 % level of significance is 55.377 and the table value is 41.337. As the calculated value is greater than the table value (55.377 > 41.337), the null hypothesis is rejected and it is concluded that the aroma of the food makes the customers' order more.

Hypothesis 3b - The Hotel's Signature Scent Leads to Brand Recognition.

Scents can be used like the firm's signature to differentiate itself in the marketplace. Scents intended to be associated with a specific brand are called signature scents. Such scents are applied by firms that want to strengthen their identity and facilitate long-term recognition of the brand through a specific scent. A firm that has a scent brand should treat it as an important and permanent sense expression in sensory marketing.

The scent is believed to emphasize the personality of the brand, and customers can get a lasting smell experience. It is a good example to show how even a hotel can sell a feeling of the brand that the individual then carries away with him or her. Signature scents should elucidate a brand's identity and, just like scent brands, be able to be associated with the brand in the same way as visual logotypes, colours, or fonts. However, signature scents do not need to be unique to a particular brand, though it can be strength if they are. It is important to use signature scents in a strategic way.

This hypothesis is not confirmed as it is observed that the Chi-Square test, df=28 at 5 % level of significance is 36.573 and the table value is 41.337. As the calculated value is lesser than the table value (36.573 < 41.337), the null hypothesis is accepted and it is concluded that according to the customers the select hotel's signature scent does not lead to brand recognition.

Hypothesis 4 - The Extra Duration spent in a Hotel Due to its Music Played makes the Customer Order more.

The sense of sound is commonly used in advertising and marketing, as it is a sense that cannot be turned off at convenience. Usually, it is the sound of music that is used to promote products and create attention as a way to direct customers' visual attention. Music often is used, at the service space. A human voice has been pointed out to have great opportunities to create attention and foremost provide an experience of sound. Therefore, it can be postulated that a sensorial interplay can have a positive effect on customers.

The fourth hypothesis is confirmed. It is observed that the Chi-Square test, df = 28 at 5 % level of significance is 84.123 and the table value is 41.337. As the calculated value is greater than the table value (84.123 > 41.337), the null hypothesis is rejected and it is concluded that the extra duration spent in the select hotels due to their music played makes the customers order more.

Hypothesis 5 - Hotel's Food's Mouthfeel is Satisfying to the Customer.

The need to touch is acknowledged important as the sense of touch helps discover the world around and the purchases are made based on touch and trial. Texture is an increasingly important product differentiator, and many new products are being launched based on texture characteristics. Product texture can also be the key to customer repeat purchase decisions. Enjoyable mouthfeel, taste and aroma are crucial for customer acceptance and market success.

When asked the respondent about the mouthfeel of the food served by the select hotels, the study shows that though the food is good to feel by the hands it does not give the customers a satisfying mouthfeel. The fifth hypothesis is not confirmed. The Chi-Square test, df=28 at 5 % level of significance is 34.369 and the table value is 41.337. As the calculated value is lesser than the table value (34.369 < 41.337), the null hypothesis is accepted and it is concluded that the hotel's food's mouthfeel is not satisfying to the customer.

Hypothesis 6 - The Dish Description Available on the Hotel's Menu does not help the Customer in Decision Making.

Restaurateurs, dieticians, and marketers can improve the taste experience of a dish by giving it a more evocative name and descriptions as a sense expression. Furthermore, dishes with evocative names and good descriptive receive more positive comments; they are rated as more tasty, appealing, and nutritious than counterparts with regular names. Description of the dishes and evocative names also increase the expectations of a restaurant and its food. This shows how individuals can be affected psychologically using relatively simple methods and how it is possible to enhance the taste experience without too much effort. Whether or not a firm's products have a natural association with the taste sense, concepts, names, and descriptions of food and beverages can be used strategically to emphasize.

The sixth hypothesis is confirmed, as when asked, the respondents felt that the dish description given by the select hotels on the menu does not help the customers in decision making. It is observed that the Chi-Square test, df = 28 at 5 % level of significance is 79.825 and the table value is 41.337. As the calculated value is greater than the table value (79.825 > 41.337), the null hypothesis is rejected and it is concluded that the dish description available on the hotel's menu does not help the customer in decision making.

Hypothesis 7 - Futuristic Online Multisensory Marketing is an Effective Strategy Leading to Better Revenue Generation for the Hotels.

Technological developments may in the future make it possible to communicate and convey sensory messages on the Internet and other kinds of digital technology. The Internet might be used as a place for smell experiences. Thus, digital technology may bring innovative methods of sensory marketing.

The seventh hypothesis is confirmed. It is observed that the Chi-Square test, df=28 at 5 % level of significance is 68.987 and the table value is 41.337. As the calculated value is greater than the table value (68.987 > 41.337), the null hypothesis is rejected and it is concluded that Futuristic online Multisensory Marketing is an effective strategy leading to better revenue generation for the hotels.

Table 5.0 Hypotheses Results

Hypotheses	Statement	Result
Hypothesis 1	Sensory experience contributes to Customer satisfaction in the hotel	**Accepted**
Hypothesis 2a	The visual appeal of food attracts customer towards food	**Rejected**
Hypothesis 2b	The interior colour of the hotel encourages the customers to stay longer and increase consumption	**Accepted**
Hypothesis 2c	The hotels make effective use of lights which generate sales	**Accepted**
Hypothesis 3a	The aroma of the food makes the customer's order more	**Accepted**
Hypothesis 3b	The hotel's signature scent leads to brand recognition	**Rejected**
Hypothesis 4	The extra duration spent in a hotel due to its music played makes the customer order more	**Accepted**
Hypothesis 5	The hotel's food's mouthfeel is satisfying to the customer	**Rejected**
Hypothesis 6	The dish description available on the Hotel's menu does not help the customer in decision making	**Accepted**
Hypothesis 7	Futuristic online Multisensory Marketing is an effective strategy leading to better revenue generation for the hotels	**Accepted**

Table 5.1 Result of Ranks Assigned to Factors that Influence the Selection of a Hotel

Factors Influencing the Selection of a Hotel	Rank
Atmosphere	**1**
Food	**2**
Service	**3**
Hotel Reputation	**4**
Influence of Location	**5**
Amenities	**6**
Budget	**7**
Past Experience	**8**
Recommendations	**9**
Regular Visitor Here	**10**
Discounts	**11**

Online Reviews	**12**
Advertisement	**13**

As seen from the table above, the customers give the highest importance to the influence of Atmosphere, followed by Food, Service, Hotel Reputation and Location factors to select a hotel. Whereas, interestingly 'Discounts, Online Review and Advertisements' have been ranked the lowest influencing factors for the customers to select a hotel. As found in the study, the online reviews of the hotels influence the customers belonging to 20-29 and 30-39 age groups, it is essential for the hotels to give utmost importance to their online reviews and feedbacks by customers put up on different websites. As mentioned in chapter 2 in table 2.5, the hotels use advertising as a major marketing media. However, the hotels need to make their advertisements more attractive and add more touch points to their advertisements so as to become one of the strongest influencing factors for the customers to be attracted to select a hotel.

Result of Factor Analysis for the Factors that Influence the Selection of a Hotel

According to the factor analysis, three components namely: USP, Loyalty and Promotion emerged as the factors that influence the customers' selection of a hotel. The USP component comprises service, food and atmosphere. The Loyalty component comprises past experience, budget, discounts and amenities. Whereas, the Promotion component comprises the online reviews/websites and advertisement. Since, these three components with their respective variables have emerged as factors that influence the customers' selection of a hotel. Hotels need to take a serious note of these factors as sure marketing strategies to attract the customers.

Table 5.2 Result of Ranks Assigned to the Important Elements of the Ambience in a Luxury Hotel

Ambience Factors	**Rank**
Cleanliness	**1**
Uniform and Grooming of the Staff	**2**
Ventilation	**3**
Lighting Effect	**4**
Decor	**5**

Layout	**6**
Temperature	**7**
Ambience Fragrance	**8**
Music Played	**9**
Upholstery	**10**
Open Kitchen	**11**
Colour Scheme	**12**
In House Advertisement	**13**

The customers ranked 'Cleanliness, Uniform and grooming of the staff, Ventilation, Lighting effect and Décor' as the five highest important elements of the ambience in a luxury hotel respectively. Interestingly factors like 'Open kitchen, Colour Scheme and In-House Advertisements' have been ranked as the lowest important factors of the ambience in a hotel. Open kitchen which presents live cooking is a means to express the commitment of the hotel towards creating transparent service to their customers where in the quality of the ingredients and the process of cooking can be openly viewed. It helps in building relationship and providing a complete experience from preparing to serving and eating to the customers. In-house Advertisements are economical and the surest way to inform the customer in a quick, bold and colourful mode. These two remain very important dimensions which the hotels need to seriously work, create awareness among the customers to keep their interest in hotels sustained.

Results of Factor Analysis for Important Elements of the Ambience in a Luxury Hotel

According to the factor analysis, three components namely: Theme, Visual and Restaurant, emerged as the important elements of the ambience in a luxury hotel. The Theme component comprises the colour scheme, ambience fragrance, music played and decor. The Visual component comprises cleanliness, lighting effect, ventilation, uniform and grooming of the staff. The Restaurant component comprises the in-house advertisements, upholstery and open kitchen. Since, these three components with their respective variables have emerged as important elements of the ambience, the hotels need to take a serious note of these elements as according to the customers' perception they are defined as important elements of the ambience and so the hotels would be judged on the same lines.

Table 5.3 Results of Ranks Assigned to the Five Senses

Sense	Rank
Taste	**1**
Smell	**2**
Sight	**3**
Touch	**4**
Sound	**5**

The above table reveals the ranks assigned to the five senses by the customer from all the select hotels collectively. The sense of taste has been ranked highest; the sense of smell ranked second. It is followed by the sense of sight at the third place and the sense of touch as the fourth rank. The sense of sound ranked the lowest among all the five senses by the customers.

The customers ranked taste as the most important factor. Taste being a chemical sense is majorly dependent on smell and is not an independent sense. As taste is the last sense that customers comes into contact with at the hotel, their highest importance given to taste among the five senses demonstrates the lack of awareness on the part of the customers with regard to the other sensory stimuli available or present in the environments of the hotel properties.

5.2 Results of Sensory Factors

5.2.1 Visual Factors

1= Strongly Disagree, 2= Disagree, 3= Neither disagree nor agree, 4= Agree, 5= Strongly Agree

S. No.	Variables	1	2	3	4	5
1.	The Hotel efficiently uses Natural Lights.	5.3%	10.9%	29.8%	34.5%	19.6%
2.	Softened lights increase my well being sensation and the time spent at a point of sale.	1.9%	5.5%	24.9%	49.8%	18.0%
3.	Artificial and intense lights increase my dynamism (pace of activity).	1.9%	8.3%	31.1%	40.6%	18.1%
4.	The Luxury Hotel effectively uses the right type of lights at the right places to generate sales.	1.3%	3.9%	26.9%	44.4%	23.6%
5.	The Uniform and Grooming of the Hotel Staff is attractive.	0.6%	3.5%	24.0%	42.0%	29.9%
6.	The Hotel's staff has a welcoming body language and smile.	1.1%	3.1%	16.9%	43.5%	35.4%
7.	The Ambience Colour Scheme favourably stimulates me.	1.3%	3.9%	23.1%	44.9%	26.9%
8.	The Seating Arrangement of the Hotel gives a feeling of space.	1.0%	4.1%	20.8%	46.3%	27.9%
9.	The Advertisements of the Hotel are attractive.	1.9%	7.6%	29.6%	39.6%	21.3%
10.	The Interior Colour of the Hotel encourages my decision to stay longer, leading to increase in consumption.	2.3%	5.8%	27.5%	40.5%	24.0%
11.	The Visual Texture of the Walls, Upholstery and Furnishing creates a spatial effect.	1.3%	3.3%	25.0%	44.3%	26.3%
12.	The Lobby, Rooms, Tableware and Washrooms are clean and attractive.	0.8%	2.9%	21.8%	44.1%	30.5%
13.	The Colour and Appearance of the food attracts and attribute to the edibility of the food.	1.0%	2.1%	25.8%	40.8%	30.4%

Today we are living in a visual based world, where the sense of sight has been described as the most seductive sense. Sight often overrules the other senses, and has the power to persuade customers against all logic. Vision is not only regarded as the human's most significant sense but also the most dominant sensory system where the customers more or less rely on visible and tangible cues that attracts and draw attention.

Light

The findings of the research suggest that 54.1% of the respondents 'agree' and 'strongly agree' that the hotel efficiently uses the natural lights. This shows that the hotels need to bring awareness among their customers and make the use natural lights be felt more effectively as the need of the hour is to integrate eco friendly practices in the hotels.

Vision is all about light. 67.8% of the total respondents 'agree' and 'strongly agree' that the use of softened lights increases their well being sensation and time spent at a point of sale;

58.7% of the total respondents ‘agree’ and ‘strongly agree’ that the artificial and intense light increases their dynamism. The customers also feel that the hotels effectively use the right type of lights at the right places to generate sales.

The use of soften lights, artificial and intense lights have emerged as promising areas, if developed with right lighting at right places can be an effective marketing strategy to generate sales for the hotels. Secondly, it would also establish a bonding with the customers, increase customers wellbeing sensation and dynamism and also enhance their moods.

Staff

71.9% of the respondents ‘agree’ and ‘strongly agree’ that the uniform of the staff is attractive, 78.9% of the total respondents ‘agree’ and ‘strongly agree’ that the hotel’s staff has a welcoming body language and smile. Since, most of the customers have positively responded to it, the hotels need to consider it is a strong visual stimulus instrumental in making the guests feel welcomed, wanted and comfortable. This strategy if effectively used could be a potential factor to keep the customers visiting the hotel.

Ambience

The ambience colour scheme favorably stimulates the majority (71.8%) of the respondents, the interior colour of the hotel encourages 64.5% of the respondents to stay longer, leading to increase in consumption and 74.6% respondents find the lobby, rooms, tableware and washrooms clean and attractive.

The seating arrangement of the hotel, visual texture of the wall, upholstery and furnishings succeeds in creating a spatial effect giving a spatial feeling among the majority of the respondents.

Advertisement

60.9% of the respondents find the advertisements of the hotel attractive. However, when asked the customers to rank the importance they gave to the in-house and external advertisements of the hotel for this research, as mentioned in this chapter earlier they ranked it as the least influencing factor to select a hotel and the least important factor of the ambience of a hotel. This is quite contrary to the general notion held and the hype of importance given to media by the hotels. Therefore, the hotels need to research on their advertisements which is their sole means to attract and update the customers in general and the first timers in particular and make their advertisements more intelligible, communicative and noticeable by adding multiple touch points.

Result of Components as Extracted from Factor Analysis for Visual Factors

According to the factor analysis of the visual factors three components, namely: Attractive, Luminosity and Colour have emerged as important factors, due to their high factor loadings. Since, these three components with their respective variables have emerged as important factors, there is a need to lay especial emphasis on them by the hotels. These factors can be used as sensory guidelines to the hotels to develop visual sensory marketing as their marketing strategy.

5.2.2 Auditory Factors

1= Strongly Disagree, 2= Disagree, 3= Neither disagree nor agree, 4= Agree, 5= Strongly Agree

S. No.	Variables	1	2	3	4	5
1.	The Types of Music played in the Hotel are in accordance with the themes of the area.	1.4%	4.8%	25.1%	42.8%	26.0%
2.	The Noise in the Hotel overpowers the music played.	3.1%	8.9%	25.0%	39.1%	23.9%
3.	The Loud Noise in the Hotel influences my taste perceptions.	3.1%	8.4%	27.6%	38.4%	22.5%
4.	The Loud Music in the Hotel makes me dynamic and excited.	4.4%	10.3%	28.1%	35.4%	21.9%
5.	The Type of Music played influences my duration of time spent in the Hotel.	3.0%	6.0%	27.8%	42.0%	21.3%
6.	The Extra Duration Spent in the Hotel makes me order more.	3.3%	6.5%	27.8%	40.1%	22.4%
7.	Sound of Food influences my perception of texture, quality and freshness of food. (hard soft crispy, sticky, liquid)	1.5%	6.3%	24.3%	44.6%	23.4%
8.	The sound of Sizzles, Seasoning And Flare-Ups of the kitchen interests me towards the dishes cooked.	1.1%	5.9%	26.5%	44.4%	22.1%
9.	The Hotel uses the latest TV and Sound Systems.	1.6%	5.3%	24.1%	42.9%	26.1%

As smell is connected to memory, so sound is connected to mood. Sound is fundamental to building and in fact generating the mood. It creates feelings and emotions.

Music

The majority of the respondents ‘agree and strongly agree’ that the type of music played influences their duration of time spent in the hotel, that the loud music in the hotel makes them dynamic and excited and that the type of music played in the hotel is in accordance with the themes of the area. Thus emphasizing the influence of the music played in a hotel on its customers, subsequently their duration of time spent in the hotel resulting into more consumption.

Noise

The majority of the respondents confirm that the noise in the hotel overpowers the music played and that loud noise in the hotel influences their taste perception. Hotels need to be aware of the noise and the loud noise and its influences on their customers.

Food

The majority of the total respondents were of the opinion that the sound of food influences the perception of texture, quality and freshness of food and that the sound of sizzles, seasoning and flare-ups of the kitchen interests them towards the dishes cooked. Therefore, the hotels need to be aware that of the influence of the sound of food on their customers and purposefully exploit it as auditory sensory strategy for it interests their customers towards the food and also its texture, quality and freshness.

Technology

The majority of the total respondents confirmed that the hotel uses the latest TV and sound system.

Results of Components as Extracted from Factor Analysis for Auditory Factors

According to the factor analysis of the auditory factors two components, namely: Resonance and Discernment have emerged as important factors, due to their high factor loadings. Since, these two components with their respective variables have emerged as important factors, they can be used as auditory sensory guidelines for the hotels to develop it as their marketing strategy.

5.2.3 Olfactory Factors

1= Strongly Disagree, 2= Disagree, 3= Neither disagree nor agree, 4= Agree, 5= Strongly Agree

S. No.	Variables	1	2	3	4	5
1.	The Ambience Smell is the Hotel's Signature Scent which leads to Brand Recognition and Identification.	1.3%	3.9%	23.6%	43.5%	27.8%
2.	The smell gives me a Perception of Clean and Fresh Ambience.	1.1%	2.6%	24.0%	41.9%	30.4%
3.	The smell used in the Lobby area of the hotel impresses me for the quality of that area.	0.9%	2.9%	23.3%	45.3%	27.8%

4.	Scent enables me to consider the product to be of a higher quality.	0.4%	5.0%	24.5%	44.4%	25.8%
5.	Aroma of the food adds to my taste.	0.8%	3.1%	22.4%	44.8%	29.0%
6.	The aroma of the food increases my appetite.	0.3%	4.6%	23.8%	42.3%	29.1%
7.	The aroma of the food makes me order more.	1.0%	5.1%	26.4%	38.9%	28.6%
8.	The Luxury Hotel toiletries smell of being high-quality products.	0.6%	2.6%	24.6%	44.8%	27.4%

Smell is the most direct and basic sense; it is the part of the air we breathe. It is almost impossible to describe. Smell is also extraordinarily powerful in evoking memory. This is one of the most important and appealing sense to the respondents of this study.

Aroma

Aroma (smell) generates the concept of flavor and, combined with taste; it recalls memories and past experiences. The findings of the research suggest that majority of the respondents 'agree and strongly agree' that the aroma of the food adds to their taste and increases their appetite.

Ambience

The majority of the respondents verify that the hotel smell gives them a perception of a clean and fresh ambience and impresses them for the quality of the lobby area. The scent also enables them to consider the hotel product to be of a higher quality including the hotel toiletries, which could be used by the hotels for impressing upon their customers regarding their cleanliness, freshness and higher quality.

Results of Components as Extracted from Factor Analysis for Olfactory Factors

According to the factor analysis of the Olfactory factors two components, namely: Aroma and Aura emerged as important factors, due to their high factor loadings. Since, these two components with their respective variables are important, the hotels need to be aware of their potentiality to impress upon their customers and to create an impression of using higher quality products. These factors can be used as sensory guidelines for the hotels to develop olfactory sensory marketing as their marketing strategy.

5.2.4 Tactile Factors

1= Strongly Disagree, 2= Disagree, 3= Neither disagree nor agree, 4= Agree, 5= Strongly Agree

S. No.	Variables	1	2	3	4	5
1.	The texture of the food served gives me a good quality feel.	0.6%	3.5%	22.4%	45.6%	27.9%
2.	The weight of the tableware (cutlery, crockery and glassware) influences my perception of quality.	1.4%	4.4%	24.6%	44.8%	24.9%
3.	The texture of the upholstery and linen used in the Luxury Hotel gives a rich, smooth and comfortable feeling.	0.4%	2.3%	19.3%	49.0%	29.1%
4.	The furniture of Luxury Hotel is comfortable to be used for longer hours.	0.4%	3.5%	24.0%	42.3%	29.9%
5.	The general touch of the Luxury Hotel makes me feel good.	0.8%	2.4%	21.0%	42.5%	33.4%
6.	The temperature of the food served affects my mood.	2.3%	6.3%	26.3%	38.9%	26.4%
7.	The texture of the food influences my satiation (to satisfy to the full) levels.	0.8%	2.3%	20.9%	51.6%	24.5%
8.	The Luxury Hotel provides a variety of Bath Salts.	1.1%	5.3%	28.0%	45.0%	20.6%
9.	The Hotel's staff welcomes with a warm and friendly handshake.	0.6%	2.8%	21.4%	44.6%	30.6%
10.	The Luxury Hotel's food's mouthfeel is satisfying to me.	0.8%	2.1%	23.5%	47.4%	26.3%

The sense of touch is referred to as the most sensitive of the body's organs and is the very first of the human senses to be developed. Touch alerts human being to their general well-being. It is time to pay serious attention to tactile marketing; it can be seen as a way to express the identity and values of a brand. The tactile sense strengthens experiences when the other senses cannot be fully used. People can remember and re-experience a feeling of touch just by seeing or thinking about an object that forms the foundation of the brand image established by customers' sensory experiences.

Upholstery and Furniture

Most of the respondents felt that the texture of the upholstery and linen used in the hotel gives them a rich, smooth and comfortable feeling, the furniture of luxury hotel is comfortable to be used for longer hours and that the general touch of the hotels gives them a feeling of well being.

Food and Tableware

The majority of the respondents felt that the texture of the food served in the hotel gives them a good quality feel, the temperature of the food served affects their mood, and that the texture of the food influences their satiation levels. They also felt that the weight of the tableware influences their perception of quality.

Bath Salts

65.6% of the respondents 'agree and strongly agree' that the hotel provides a variety of bath salts to their customers.

Staff

The majority of the respondents felt that the hotel's staff welcomes them with a warm and friendly handshake.

Customers have a need to physically interact with the products and service in a hotel environment. The customers evaluate and gather information about the hotel's products and services by using their hands and fingers, i.e. the sense of touch. As touch is found to have a positive impact on the customers' attitudes as well as intentions, the hotels must take initiatives to explore the tactile sense and touch-ability of the hotel as a marketing strategy.

Results of Components as Extracted from Factor Analysis for Tactile Factors

According to the factor analysis of the tactile factors two components, namely: Well Being and Sensitivity emerged as important factors, due to their high factor loadings. Since, these two components with their respective variables have emerged as important factors, hotels need to lay special emphasis on them to leverage tactile factors. These factors can be used as sensory guidelines for the hotels to develop tactile sensory marketing as their marketing strategy.

5.2.5 Gustative Factors

1= Strongly Disagree, 2= Disagree, 3= Neither disagree nor agree, 4= Agree, 5= Strongly Agree

S. No.	Variables	1	2	3	4	5
1.	The Hotel serves the food and beverages with proper temperature which adds to their flavour.	0.5%	1.8%	21.6%	45.5%	30.6%
2.	The quantity of the food served by the Hotel is sufficient.	0.5%	2.6%	25.8%	42.1%	29.0%
3.	Spicy food discourages me to eat.	4.5%	6.8%	24.5%	39.3%	25.0%
4.	The Hotel's menu offers a variety of cuisines to cater to different tastes.	0.3%	2.6%	21.0%	46.5%	29.6%
5.	The Hotel's menu is reasonably priced.	2.5%	5.4%	22.3%	44.8%	25.1%
6.	Basic dish description available on the Hotel's menu does not help me in decision making.	2.8%	8.4%	26.4%	39.8%	22.8%
7.	The Hotel menu gives information about the dish's nutritive value.	3.3%	6.9%	27.1%	39.5%	23.3%
8.	An open kitchen adds to the transparency and trust regarding the ingredients used and the manner in which the food is cooked.	1.0%	3.6%	23.8%	47.1%	24.5%

Taste is often considered the individual's supreme sensory experience. Eating and drinking are associated to happiness and positive memories, which stresses that the taste aspects should not be neglected by the hotels. Generally, the taste sense is neglected in marketing, which undermines the aim of creating brand awareness and establishing a sustainable brand image. Gustative marketing is a fruitful area which is promptly growing as the taste sense is one of the most distinctly emotional senses that affects people's mood.

Food

Most of the respondents confirmed that the hotel serves the food and beverage at a proper temperature which adds to their flavor and the quantity of the food served by the hotel is sufficient. However, the spicy food discourages them to eat.

Menu

Most of the respondents confirmed that the hotel's menu offers a variety of cuisines to cater to different tastes with the information about the dish's nutritive value, however, the basic dish description available on the menu does not help them in decision making.

Open Kitchen

The majority of the respondents agreed that the open kitchen adds to the transparency and trust regarding the ingredients used and the manner in which the food is cooked.

Result of Components as Extracted from Factor Analysis for Gustative Factors

According to the factor analysis of the gustative factors two components, namely: Menu and Appetite, emerged as important factors, due to their high factor loadings. Since, these two components with their respective variables have emerged as important factors, hotels need to pay more attention on them and use them as gustative sensory guidelines to develop their sensory marketing strategy.

5.2.6 Website

1= Strongly Disagree, 2= Disagree, 3= Neither disagree nor agree, 4= Agree, 5= Strongly Agree

S. No.	Variables	1	2	3	4	5
1.	The Hotel uses the latest user friendly technology.	0.6%	4.1%	22.1%	44.5%	28.6%
2.	The Hotel website gives me complete and update information, creating a pleasurable experience online?	1.4%	4.6%	25.6%	45.3%	23.1%

3.	This online experience tempts me to visit and experience the Hotel?	1.1%	4.4%	24.3%	47.4%	22.9%

Most of the respondents of the study feel that the hotels use the latest user friendly technology, the hotel website gives complete and updated information to the customers and thus creates a pleasurable online experience for them. This online experience tempts the customers to visit and experience the hotel.

5.3 Managerial Implications of the Research

Besides being theoretically insightful and contributing to the literature of Multisensory Marketing in Hospitality sector, several managerial implications also emerge from the current study.

This research highlights and reveals those factors that influence the customers the most during the selection of the hotel and those elements in the hotel ambience which the customers consider to be the most important.

It brings forth the various factors that have a potential to lead the hotel to its sensory brand recognition among the customers. It suggests how hoteliers can use multisensory marketing as means to enhance customers' emotional response and behaviour. The results prove that sensory cues and styling elements have a positive impact and is an effective approach to connect with customers by offering a stimulating environment. The sensory impact of sight, sound, smell, taste and touch can be highly influential, and the multi-sensory stimuli interplay together can create a successful multi-sensory brand-experience. This suggests that sensory cues and styling elements are some inexpensive means to create stronger brand images where B2C relationships are in focus.

The findings specifically recommend that customers are more likely to react and interact with a hotel when the environment and the atmosphere are emotionally charged and encouraging. In relation to this study, the introduction and appropriate use of a suitable Visual sense factors such as lighting system, colour scheme, interior designs, visual texture, and persuasive advertisements as styling elements; Auditory sense factors such as noise, type of music its tempo and volume, sound of food and sound systems used by hotel; Olfactory sense factors like the aroma of food, ambience smell and signature scent; Tactile factors such as texture of upholstery and food, comfortable furniture, temperature of the food, weight of tableware and staff's handshake; Gustative factors such as menu, proper temperature and quantity of food served, immensely influences the customers' behaviour and experiential responses.

The hotels need to become more specifically aware of the manner in which they can have the best impact on their customers' behavior and overall experience, through the human senses.

This would also enable the managers and other practitioners to create and enhance the hotel atmosphere that can be differentiated from their competitors and has a lasting impact on their customers.

The Key Result Areas (KRA) highlights those major areas where the hotels can establish and better their associations and emotional bonding with their customers. The appropriate use of lighting according to the right suitability of time, place and occasion, open kitchen with live cooking adding to the transparency, trust and interest of the customer in the food cooked, type of music played at the point of time its tempo and volume, pleasant and welcoming ambience scents and smell of the lobby and hotel products, aroma of the food, comfortable furniture, rich and smooth upholstery help in decision making, spending more time leading to more consumption, resulting in generating revenues.

Areas of development: The key work areas that require utmost attention as pointed out by the research are – the menu, signature smell of the hotel, mouthfeel and colour and appearance of the food.

5.4 Suggestions

There's every indication that marketing will move from experiential marketing to an even more sophisticated realm called Multisensory marketing. Multisensory marketing enables the brands not only to anchor themselves in tradition but also adopt some of the characteristics of religions to leverage the concept of sensory branding in a holistic manner. Multisensory Marketing enables the brand evolve over time into having their own identity, which is expressed in its every message, shape, colour, size, smell, sound, symbol, ritual, and tradition, which is a rigorous challenge. It doesn't mean that things have to stay the same. On the contrary, it means that the brand stays true to its core values, which are expressed in the colours, shape, logo, and sound. If the brand has defined its consistent tactile, aroma, and visual expression, it needs to make it mandatory in the brand platform to follow these guidelines, the law of the company and, make it part of the constitution that is impossible to alter unless major unforeseen circumstances force. Sensory consistency is what creates loyalty. It builds trust and generates repeat purchase, as people trust the familiar signals.

Examining the hotel brands from a sensory marketing point of view is far from easy. As these brands need to understand the idea of a sensory platform, their current sensory status and their optimal potential for sensory excellence.

Any hotel appeals to at least two senses and it is almost always possible to appeal to three. The four and five star hotels because of the nature of their products and services, can secure a total five-sensory appeal. The objective of leveraging existing sensory touch points of the hotels is to optimize their branding platform. The more sensory bonding components in a hotel brand, the stronger becomes the hotel's foundation. The select hotels in this study as observed have non-branded sensory components and so have limited sensory appeal. Therefore, they now should focus on establishing sensory stimuli, sensory enhancement, and bonding components. Since, the hotels already have several non-branded stimuli, their goal should be to convert these assets into branded components that become their own sensory stimuli and sensory enhancements that will foster more extensive bonding. This will in-turn develop for the hotels dependable customer loyalty with an objective to be aware of the dynamics of all the sensory touch points and converting them as exclusively their own.

A hotel is much bigger than its logo or name. The challenge for the hotel is to see that the hotel and its components remain easily identifiable which can be recalled by the customers. For this the hotels need to fully integrate every possible customer touch points with a view to establish and maintain the true image of the hotel. Securing a synergy across sensory touch points is essential for the success of the hotels. It is evident from this study that synergy among the senses definitely take place, with some startling results. Sensory synergies can potentially double the effect of the hotel's brand communication.

The sensory optimization really gives a positive jolt to the customers when the music is played, combined with the distinct aroma that's been designed for the hotel especially for their customers. Matched up with warm handshake, welcoming smile, attractive uniforms, makeup, and appearance of the staff, have an all-round strong synergy between the senses. Each channel can be optimized, and then interlinked with one another, so that 2 + 2 equals more than 4. Each channel makes sense, each channel reflects the core values of the hotel brand, and when combined the results are positively powerful leading the customers to recognize the brand distinctly with its core values and communication.

Sight

Colour

This study proves that colour favourably stimulates and encourages the customers to feel pleasant, stay longer, leading to increase in their consumption. Thus colour is essential to the brand-building process because it's the most visible first point of communication. The hotels need to know that different colours have different, and significant, psychological effects that in turn create certain effects in the human body. Colours also have cultural and social significance through their various associations. The hotels' choice of colour should be associated with and symbolize their identity and the values the hotels stands for.

Colour choice should affect and create in customers a positive frame of mind and mood to facilitate the sight experience through, logotypes, packaging, advertisements, TV commercials, and websites. In this regard, a positive choice of colour would contribute to improving the working environment for the employees of the hotels and to improving the service landscape for their customers. It is generally held that red has the greatest attraction value in logotypes, advertisements, and product offerings. Red attracts the eye and the sight sense fastest of all colours and is provocative and challenging.

Colours create clear associations and it's these associations that will benefit the brand. Since, the primary colours have clearly dominated the world of brands, hotels are advised to capture their colour ownership.

Light

According to the results of this study, lighting encourages sensory inputs, supports the hotel's branding and creates a pleasant environment which encourages customers' wellbeing sensation, dynamism, time spent at a point of sale and generates hotels' sales. Thus use of specific colors of lighting for seasons, time, specific hotel areas, for boosting sales and customers' mood, is recommended for the hotels.

Smell

This research shows that smell influences the customers' perceptions and gives the impression of freshness, cleanliness, higher quality and appetite. Thus different kinds of smell are believed to contribute to the experience of a good atmosphere, as a sense expression in a hotel. Furthermore, scents in a hotel can contribute to the customer's hotel experience, loyalty, influence the customers' intent to revisit and also to recommend it to others. The classic way to create an atmosphere in a hotel's restaurant is with the smell of freshly baked bread which affects customers' gustative behaviour. Scents used in a hotel can be either natural or artificial.

Scenting strategies that could be followed by the hotels are as follows:

1) Product Scenting
2) Environmental Scenting
3) Advertising Scenting

Product Scenting

Product scents go far beyond the obvious. The hotels need to work and reconstruct their product scent for better customer olfactory experience. Signature scents and strong product specific scent based on aromatherapy can be used to achieve evident results. The hotels should leverage scents to strategically create scents designed to enhance or engender feelings of calm and tranquillity.

Environmental Scenting

Environmental scenting has become increasingly common in hotel spaces. Hotels can use smell to create a particular brand experience, enhance brand recall and drive purchasing behaviour.

The hotel's rooms can be specifically scented based on the tastes and preferences of the customers or use select aromatic smells to appeal to men or women in the room of a single lady or a single man. Thus providing the hotels the first-movers advantage over the followers since the customers would have already created a preference and stronger bond towards the first-mover hotel brand.

Advertising Scenting

Scent has also been incorporated into advertising. As the hotels use print media and direct mails to communicate with their customers, scented advertisements is an ideal way to project their brand and make the customers experience it before they actually come in direct contact with the hotel environment. Scented inks, scent strips, and rub'n smell technology installations are some of the various ways hotels can leverage their scent in magazine adverting and direct mail.

It is important to note that individual experience and culture plays a role in scent associations. Scent marketing should be used with care i.e. care for the environment, customers and employees, and ethical application. So the hotels need aware and get ready for a barrage of smelly campaigns.

Touch

Human hands are an important link between the brain and the world. When humans encounter a pleasant touch, the brain releases a hormone called oxytocin, leading to feelings of well-being and calm. When it comes to sensory marketing, the touch experience includes material, surface, temperature, weight and form.

Hotels need to carefully select their materials in the hotels to underline the importance of craftsmanship, texture, design and special features of their tangible and intangible components. The hotels need to use differently textured heavy, solid and quite distinct materials for their marketing which highlight their products.

Although rare, the hotels can register non-traditional trademarks (or "touch marks") for their form and feel. Then the next challenge for the hotels would be to make those products accessible in a way that encourages customers to reach out and touch.

Senses likes scent, sound, and vision can't effectively work separately, hence, it is necessary for the hotels to understand how to use these senses with the consistency and synergy to contribute the favorable combination of all the senses. The hotels' slow tempo of background music can bring a powerful impact and significant motivation on the customers' behavior if used with appropriate colors and scents in a suitable way.

Sound

Brand may be associated with a sound experience. The results of this study suggests that from the ambient surroundings to a product-produced noise, sound influences the ideas and judgments about the goods and services of the hotels to the customers. Sound is directly linked to the product itself, so customers interpret it as a sign of quality or familiarity. Brands, world over underestimate the value of sound. Brands can be built using sound, but not the sound of radio or television commercials, but more like background music that can be played on websites, in rooms, door bells, on hold buttons on the telephone, as ring tones or even in restaurants. Savvy brands are emerging as the surest ways to engage all the customers' senses to strengthen the brand experience. It's about capitalizing on what the customers know about the hotel's sensory links, to recall emotions and leveraging that information to strengthen their brands and increase sales.

The hotels need to realize that music contributes as important a role in branding as the overall visual design does for them. Therefore, the hotels need to own and specialize in playing subtle exotic music in their hotel lobbies, rooms, rest rooms, lifts, stair case, lounge, and restaurants to create a feeling of peace and tranquillity to soothe the mind and body of their customers. This distinct relaxing tone should also be heard while making reservations on the hotels' websites by the customers to consistently leverage it as their main brand feature. Thus successfully generating a strong sense of emotional bonding between hotel and customers, the likes of which had not been seen before.

As a sensory marketing strategy, sound is a messenger often reaching the customers before the reach of a product or even a visual image. Sound, then, is an effective brand cue, particularly when stretched beyond the bounds of traditional broadcast advertising. It can evoke a sense of quality, increase customer relevance, boost recall, and impact their customers' intent. Finally, the hotels need to take a serious note of this study results that the noise in the hotels overpowers the music played and also affects the taste perception of the customers, which creates a need to combat noise impression by using acoustic materials like curtains, rubber table covers to ensure no rattling sounds, thus segregating the noise.

Menu

Health and wellness benefits are other critically important customers' driver, a trend that has considerable influence over hotels marketing strategies. Reduced sugar, salt, fat and enhancing and promoting the health benefits in the foods will be one of the biggest health claims in the coming years. Living longer, fitter and still working, an aging population, means hotels will need to serve food contains that come with added health claims.

The results of this study show that though the hotels' customers found the hotel's menu reasonably priced, offered a variety of cuisines, gave basic dish description and its nutritive value, still it did not help the customers in their decision making.

The primary purpose of visiting a hotel is usually to satisfy hunger. Nutritional health is not the primary reason to visit in most instances. Customers want to order a particular item usually because it appeals to their taste and hunger. This appeal might be modified by the nutritional consequences of its calorie and fat content. While describing the nutritive value of the dishes served by the hotels on their menu, the hotels need to be aware that a low fat dish is nutritionally superior to a higher fat dish, then it makes little nutritional sense to offer a choice of the nutritionally inferior dish in the first place, to its customers. The provision of calorie and fat content information on the menus may not immediately modify the food ordering behaviour for the majority of their customers. However, the provision of the nutrition information should still be encouraged because it would result in some calories reduction for some of their customers and it would not adversely affect the hotels' revenue. Finally, the cost is more important than calorie and fat information to their customers. The hotels can have advertising campaign promoting heart-healthy menu items and other such promotional campaigns, events, food festivals, creating awareness using fancy names for the dishes, describing the process of cooking, ingredients used, and the final taste of the dishes on the menu.

Touch Screen Menu – The use of touch screen menu technology in the hotels would let the customers' fingers do the ordering, the wait staff would no longer need to take orders, but serve instead as delivery people between the kitchen and the table. New items on the menu could be added quickly and efficiently, and unavailable items could be as easily removed. Customers would be able customize their orders, they could order an additional drink or side order without trying to attract a busy waiter's attention. Touch screen ordering would lessen the time from order placement to fulfilment. Customers would be able pay their bill with a debit or credit card, swiping the card at the device located at their table. The hotel would be able to accurately track their customers' purchasing habits as well as which menu offerings appeal to certain demographics. In a busy kitchen, the touch screen menu's use would clarify orders, making mistakes less likely. Its use would enable the hotel managers to gauge exactly what time an order was submitted and how long it took to reach the customers.

Advertisements

Owing to the nature of hotel products and services, the hotels are more predisposed to leveraging sensory opportunities than other sectors. The hotels need to find innovative ways of effectively communicating with their customers about what they sell in a world that communicates messages primarily through sight and sound. So, the hotels must optimize on their advertisements which, is given the least rank and importance by their customers in this study, by using "alternative" channels in which the other senses are more strongly attuned than normal. In this case the hotels need to make their advertisements noticeable, to draw a picture in the customers mind about their brand using synergized advertisements. The use of non-branded stereotype pictures of smiling people in suits around boardroom tables, of facilities and amenities are undesirable to use. The hotels should make their advertisements their own and use imagery to create pictures and text messages which encourage the customers. Hotels can use music and sounds, scented and texture paper and scented inks for advertising in magazines, spray same scent whiffs in their hotels, and provide tester, tester pouch/strips for their products in their magazine advertisements and to their in-house customers, thus bringing them in direct contact with the product to experience the real thing. Even though the sounds and smells may be artificial they are part of the real illusion. Hotels need to own certain sensory feelings, like own tune, music, symbol, shape, smell, scent as these are all positive components of the brand. The hotels should use every printed brochure, magazine, fliers, and news papers advertisements as an effective means of expression to carry their brand.

Internet and Multisensory Marketing

Technology has enabled to appeal to the senses in a way that was not possible a few years ago. In the same way technology has also brought an extraordinary amount of clutter to the airwaves, forcing to become more distinct than ever. Multisensory branding requires diligence and patience, sparing no expense in determining that the brand matches the perception of the customer.

The hotels need to aim to push the boundaries of multi-sensory communication research into interactive new media technologies through the combination of technology, art, and creativity, involving digital transmission of taste and smell over the internet. Thus the hotels could allow their customers to share experiences not only with their video, pictures, audio, or tactile feedback but also with smell and taste.

Moreover, when customers would encounter the smell or taste again, the link would be there, ready to elicit a memory or a mood. Thus sending tastes and smells over Internet has a huge potential sensory market in online marketing and communications for food, beverages and especially hotels.

Name and Language

To create a true brand, it requires consistency and patience on the part of the hotels. This is a difficult requirement in a world where the only constant is the ever-changing branding and marketing strategies. Added to this is the fluctuating financial market which demands instant results and the brand message becomes just another bit of information in the overcrowded field.

By using the naming and language strategy the hotel can leverage its brand, extending it to encompass every aspect of their environment. The end result of the integrated naming and language strategies is that they reinforce the awareness of a brand's profile. This further enables the hotels to concentrate their energies on other communication features rather than having to rebuild the brand again and again with each new product release. Sub-brands become intuitively recognizable and tap into the broad set of values already well established by the parent brand.

The hotels can try to own the rights to some distinct numbers, names or their combinations which would automatically lead to the identification of the hotel brand. A strategy can be adopted by hotels where in they can misspell their brand products or services, using a mix of English and Hindi spellings or words. It takes years for phrases, words, and sentences to be identified and accepted as "belonging" to the specific brands. The first step in integrating specific language into the hotel brand is to identify the words the hotel wants to "own." The selection should be based on those words which best reflect the hotel brand's personality. The chosen words need to be easy to integrate into many different kinds of sentences and which are the most flexible. With a purposefully established branded language, the customers can form the strongest association the hotel.

A closer examination of this supposed anomaly reveals an interesting phenomenon. The stronger the brand personality, the more human and less product-focused it is, and the easier the customers find it to associate words, phrases, and sentences with the brand. The point of this strategy is not to necessarily create characters, but to adopt a human-centred approach, and avoid product centred tech talk that focuses on features.

Shape

Shape is one of the most overlooked branding components, even though certain shapes clearly speak of their particular brand. The customers in this study felt that the seating arrangement of the select hotels was spatial, the furniture was comfortable to use for longer hours and that even the general touch made them feel good. Therefore, the layout of the hotel, its seating arrangements, the shape and type of furniture should be referred and treated by the hotels as their trademark, and should be consistently present at their every outlet and event as their primary component in every aspect of the brand and its communication.

Symbols

Symbols are the growing concerns, very important component in rebuilding hotels' brand and are clearly on the rise. Technology has given more channels, varieties of advertising opportunities, however symbols need to have an inbuilt flexibility to cross the channels and be graphically sophisticated so that they can be equally understood on a billboard, computer screen, or cell phone display. Successful symbols would eminently help hotels take their commercial message to new and unexplored terrains.

Navigation

Navigation is a carefully thought-out floor plan that is designed to meet the expectations of the hotel brand. It is the way to help customers find their way around a website, a restaurant, longue, rooms and hotel. It also presents a challenge for the hotels to ensure that their navigation remains consistent as their message crosses media channels. The hotels need to be aware that there ought to be synergy between the hotels' website, campaigns, hotel layout, brochures, and automated phone system. Consistency is the only way to cut through the clutter of the noise. Navigation is one of the essential tools that hotels can leverage in building and maintaining consistency and making it be present in their every single channel.

It is essential for the hotels to establish a comfort zone for their customers online and mention every detail of the hotel's services on their website. If the contact details of the hotels are at the foot of each web page, then they should also appear at the foot of their each catalogue page. If the hotel's special offers are always announced in red and yellow on a television commercial, then they should also appear in red and yellow in print and on their hotel's website.

It is important for the hotels to be aware that each of these components form the characteristics of their brand. They become even more important when adding another channel to the brand, because it is vital that navigation should always be comfortable, easy, and familiar. This helps build loyalty, which is based on the brand's ability to continually communicate consistently, precisely, and in a branded context.

Behaviour

The hotels need to master the notion of consistency most importantly to engender goodwill and respect. The hotels need to express their legal and safety implications painlessly to the customers, in their own super-friendly inimitable way, using the signage with friendly font, a sense of humour and irony.

Service

Service expectations vary depending on what the hotel brand communicates and promises to its audience and their individual perception of that message. If done rightly it cultivates enormous goodwill, fosters positive word of mouth, and generates loyalty among the hotel customers. The hotels need to feasibly standardise the tangible and intangible components shaping their brand, by offering the customers personalised care and attention, initiating welcoming and friendly conversation with the in-house guests, by arranging for the smallest needs of the customers and giving a personalized handwritten note to every customer from the staff, wishing them an extraordinary stay in the hotel.

5.5 Scope for Further Research

The findings of the current study seek to fill a critical gap in the voluminous, yet incomplete and non-exhaustive, academic research that has been done on Multisensory Marketing. Since Multisensory as a marketing strategy has a very promising future, hotels are vitally interested in availing themselves of all valid research that can help them create and execute marketing strategies with greater probability of success. The generalizability and applicability of the results from current research is limited and can be further extended with relevant follow up work in the future as proposed next.

First, the findings of this study are limited by the selection of the sample. The sample of customers of the select Four and Five Star Hotels, of Hyderabad and Vishakhapatnam, Andhra Pradesh, as used in the current study, limits the generalizability to different subject groups. Extension with broad sample of respondents (Barett et al., 1999; James, 2006) will be useful to further generalize the findings from this research on Multisensory Marketing.

Secondly, although Multisensory Marketing evaluations have been the focus of many studies, Multisensory Marketing in Indian Hospitality sector has received much less attention. While there is growing literature that emphasizes the potential of experiential marketing, there is a paucity of empirical studies measuring Multisensory Marketing and its impact on the marketers and their customers.

The current research focuses on the Multisensory Marketing in the hospitality sector. Studies on Multisensory Marketing are developing in the American and European markets, but the present Indian market is essentially emphasising on the customisation and personalization of the products, services and customers' experience with the brand. So, further research can be directed towards understanding Multisensory Marketing across diverse sectors in the Indian perspective.

The current research is analyzed in light of the survey based primary data and collected secondary data. Integration of these along with qualitative methods is possible and suggested (Ben-Akiva et al., 1994). Also longitudinal research to investigate the stability of Multisensory Marketing as a marketing strategy over time is needed for marketers to design long term strategies.

This study was limited to examination of eight hotels, in Hyderabad and Vishakhapatnam, Andhra Pradesh. Further research involving more number of hotel brands may provide further interesting insights. More extensions can be done in other segments of service sectors', individual sensory research and comparing the relationship between two or three senses. Comparative analysis on the basis of demographic and psychographic characteristics was not done in the current study. Customer's attitude may vary depending upon, their age, gender or income group, among others.

5.6 Conclusion

Even with a recovering economy, business is challenged on the home front by regulatory changes, raw material pricing, corporate sustainability goals and changing customer demands, among others. On the global front it is the difficulty to set up foreign operations, safety and reliability of offshore suppliers, impact of currency fluctuations and competition for talent.

For customers, convenience is by far the most important dynamic, and will continue to be so over the next five to ten years, according to many numbers of prognosticators. Customers are willing to pay more for convenience as their work habits and lifestyles change. The same can be said even for customers in developing nations. It's a trade-off many are willing to make, especially as disposable income rises in many countries. It's all about time, and the customer would rather buy time than prepare food.

Sensory marketing has just stepped in, to make its presence and potential felt, but it is here to stay as long as the third wave is here. What links the third wave and the human brain is change as a phenomenon, and change has never before happened with such strength and tempo as in the binary society. To all firms that continue to surf the third wave, sensory marketing is another promising area to embark on for the future.

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Appendix 1: MULTISENSORY MARKETING IN HOSPITALITY SECTOR – A STUDY OF SELECT HOTELS

This questionnaire seeks to find out the presence of multisensory stimuli as a tool to market hospitality. The information collected will be kept confidential and used for academic purposes only.

PART - 1

1.	**Name**	
2.	**Gender**	Male ☐ Female ☐
3.	**Age**	Below 20 ☐ 20 – 29 years ☐ 30 – 39 years ☐ 40 – 49 year ☐ 50 – 59 years ☐ 60 or Above ☐
4.	**Marital Status**	Single ☐ Married ☐
5.	**Education**	Intermediate ☐ Graduate ☐ Postgraduate ☐
6.	**Occupation**	Student ☐ Homemaker ☐ Business ☐ Employed in Public Sector ☐ Employed in Private Sector ☐ Retired ☐
7.	**Household monthly income**	Less than ₹ 25,000 ☐ ₹ 25,001 - ₹ 50,000 ☐ ₹ 50,001 - ₹ 75,000 ☐ ₹ 75,001 - ₹ 1,00,000 ☐ Over ₹ 1,00,000 ☐
8.	**How often do you visit a Luxury Hotel?**	Very Often ☐ Often ☐ Some times ☐ Rarely ☐
9.	**Approximate amount spent per visit at a Luxury Hotel.**	Less than ₹ 2,000 ☐ ₹ 2,000- ₹ 4,000 ☐ ₹ 4,000 - ₹ 6,000 ☐ ₹ 6,000 - ₹ 8,000 ☐ ₹ 8,000 - ₹ 10,000 ☐ More than ₹ 10,000 ☐

PLEASE RANK THE FOLLOWING FACTORS: 1 = LEAST IMPORTANT and 5 = MOST IMPORTANT

Please rank the factors that influence your selection of a Hotel.						
1.	Past Experience	1	2	3	4	5
2.	Budget	1	2	3	4	5
3.	Discounts	1	2	3	4	5
4.	Amenities	1	2	3	4	5
5.	Hotel Reputation	1	2	3	4	5
6.	Recommendations	1	2	3	4	5
7.	Online reviews/Website	1	2	3	4	5
8.	Advertisement	1	2	3	4	5
9.	Location	1	2	3	4	5
10.	Regular visitor here	1	2	3	4	5
11.	Service	1	2	3	4	5

12.	Food	1	2	3	4	5
13.	Atmosphere	1	2	3	4	5
Please rank what according to you are the important elements of the Ambience in a Luxury Hotel.						
14.	Colour Scheme	1	2	3	4	5
15.	Ambience Fragrance	1	2	3	4	5
16.	Music Played	1	2	3	4	5
17.	Décor	1	2	3	4	5
18.	Layout	1	2	3	4	5
19.	Cleanliness	1	2	3	4	5
20.	Lighting Effect	1	2	3	4	5
21.	In-House Advertisement	1	2	3	4	5
22.	Upholstery	1	2	3	4	5
23.	Temperature	1	2	3	4	5
24.	Ventilation	1	2	3	4	5
25.	Open Kitchen	1	2	3	4	5
26.	Uniform and Grooming of the Staff	1	2	3	4	5
Please rank which sense influences you the most in a Luxury Hotel.						
27.	Sight	1	2	3	4	5
28.	Sound	1	2	3	4	5
29.	Smell	1	2	3	4	5
30.	Touch	1	2	3	4	5
31.	Taste	1	2	3	4	5

Please tick how the Luxury Hotel music controls and improves your mood.		
32.	**Entertainment** - It lifts the mood and passes the time	☐
33.	**Revival** – It revitalizes and calms the mood	☐
34.	**Strong sensation** - It provides deep, thrilling emotional experiences	☐
35.	**Diversion** – It distracts the mind from unpleasant thoughts	☐
36.	**Discharge** – It releases emotions : purging and cleansing	☐
37.	**Mental work** – It encourages daydreaming, Nostalgia	☐
38.	**Solace** – It helps share emotions, experiences and connects to someone	☐

PART – 2

PLEASE TICK THE FOLLOWING ACCORDING TO YOUR PERCEPTION:

1= Not at all 2= Slightly 3= Moderately 4= Very Much 5= Extremely

1.	Loud music influences my food and beverage selection.	1	2	3	4	5
2.	Music tempo of the Luxury Hotel influences my dining speed.	1	2	3	4	5
3.	Music of the Luxury Hotel decreases my perception of waiting time.	1	2	3	4	5
4.	Music of the Luxury Hotel builds a positive "take-away" dining experience.	1	2	3	4	5
5.	Music played in the Luxury Hotel suits time of the day.	1	2	3	4	5
6.	The ambience scent of the Luxury Hotel is pleasant and welcoming, which improves my mood.	1	2	3	4	5
7.	The ambience smell enhances my Hotel experience.	1	2	3	4	5

8.	The efficiency of food service is a determining factor for me to visit the Hotel again.	1	2	3	4	5
9.	A healthy menu with nutritive value helps me in making the choice to order a dish.	1	2	3	4	5

PLEASE TICK THE FOLLOWING APPROPRIATELY:

1= Strongly Disagree, 2= Disagree, 3= Neither disagree nor agree, 4= Agree, 5= Strongly Agree

S. No.						
1.	The Hotel efficiently uses Natural Lights.	1	2	3	4	5
2.	Softened lights increase my well being sensation and the time spent at a point of sale.	1	2	3	4	5
3.	Artificial and intense lights increase my dynamism (pace of activity).	1	2	3	4	5
4.	The Luxury Hotel effectively uses the right type of lights at the right places to generate sales.	1	2	3	4	5
5.	The Uniform and Grooming of the Hotel Staff is attractive.	1	2	3	4	5
6.	The Hotel's staff has a welcoming body language and smile.	1	2	3	4	5
7.	The Ambience Colour Scheme favourably stimulates me.	1	2	3	4	5
8.	The Seating Arrangement of the Hotel gives a feeling of space.	1	2	3	4	5
9.	The Advertisements of the Hotel are attractive.	1	2	3	4	5
10.	The Interior Colour of the Hotel encourages my decision to stay longer, leading to increase in consumption.	1	2	3	4	5
11.	The Visual Texture of the Walls, Upholstery and Furnishing creates a spatial effect.	1	2	3	4	5
12.	The Lobby, Rooms, Tableware and Washrooms are clean and attractive.	1	2	3	4	5
13.	The Colour and Appearance of the food attracts and attribute to the edibility of the food.	1	2	3	4	5
14.	The Types of Music played in the Hotel are in accordance with the themes of the area.	1	2	3	4	5
15.	The Noise in the Hotel overpowers the music played.	1	2	3	4	5
16.	The Loud Noise in the Hotel influences my taste perceptions.	1	2	3	4	5
17.	The Loud Music in the Hotel makes me dynamic and excited.	1	2	3	4	5
18.	The Type of Music played influences my duration of time spent in the Hotel.	1	2	3	4	5
19.	The Extra Duration Spent in the Hotel makes me order more.	1	2	3	4	5
20.	Sound of Food influences my perception of texture, quality and freshness of food. (hard soft crispy, sticky, liquid)	1	2	3	4	5
21.	The sound of Sizzles, Seasoning And Flare-Ups of the kitchen interests me towards the dishes cooked.	1	2	3	4	5
22.	The Hotel uses the latest TV and Sound Systems.	1	2	3	4	5
23.	The Ambience Smell is the Hotel's Signature Scent which leads to Brand Recognition and Identification.	1	2	3	4	5
24.	The smell gives me a Perception of Clean and Fresh Ambience.	1	2	3	4	5
25.	The smell used in the Lobby area of the hotel impresses me for the quality of that area.	1	2	3	4	5
26.	Scent enables me to consider the product to be of a higher quality.	1	2	3	4	5
27.	Aroma of the food adds to my taste.	1	2	3	4	5
28.	The aroma of the food increases my appetite.	1	2	3	4	5
29.	The aroma of the food makes me order more.	1	2	3	4	5
30.	The Luxury Hotel toiletries smell of being high-quality products.	1	2	3	4	5
31.	The texture of the food served gives me a good quality feel.	1	2	3	4	5

32.	The weight of the tableware (cutlery, crockery and glassware) influences my perception of quality.	1	2	3	4	5
33.	The texture of the upholstery and linen used in the Luxury Hotel gives a rich, smooth and comfortable feeling.	1	2	3	4	5
34.	The furniture of Luxury Hotel is comfortable to be used for longer hours.	1	2	3	4	5
35.	The general touch of the Luxury Hotel makes me feel good.	1	2	3	4	5
36.	The temperature of the food served affects my mood.	1	2	3	4	5
37.	The texture of the food influences my satiation (to satisfy to the full) levels.	1	2	3	4	5
38.	The Luxury Hotel provides a variety of Bath Salts.	1	2	3	4	5
39.	The Hotel's staff welcomes with a warm and friendly handshake.	1	2	3	4	5
40.	The Luxury Hotel's food's mouthfeel is satisfying to me.	1	2	3	4	5
41.	The Hotel serves the food and beverages with proper temperature which adds to their flavour.	1	2	3	4	5
42.	The quantity of the food served by the Hotel is sufficient.	1	2	3	4	5
43.	Spicy food discourages me to eat.	1	2	3	4	5
44.	The Hotel's menu offers a variety of cuisines to cater to different tastes.	1	2	3	4	5
45.	The Hotel's menu is reasonably priced.	1	2	3	4	5
46.	Basic dish description available on the Hotel's menu does not help me in decision making.	1	2	3	4	5
47.	The Hotel menu gives information about the dish's nutritive value.	1	2	3	4	5
48.	An open kitchen adds to the transparency and trust regarding the ingredients used and the manner in which the food is cooked.	1	2	3	4	5
49.	The total experience in the Luxury Hotel is a satisfying journey.	1	2	3	4	5
50.	The Hotel uses the latest user friendly technology.	1	2	3	4	5
51.	The Hotel website gives me complete and update information, creating a pleasurable experience online?	1	2	3	4	5
52.	This online experience tempts me to visit and experience the Hotel?	1	2	3	4	5
53.	Futuristic online multisensory marketing is an effective strategy to suit the needs of the users and produce positive behavioral intentions, leading to better revenue for the Hotels.	1	2	3	4	5

Other observations and suggestions, if any:

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Thanks and Regards.

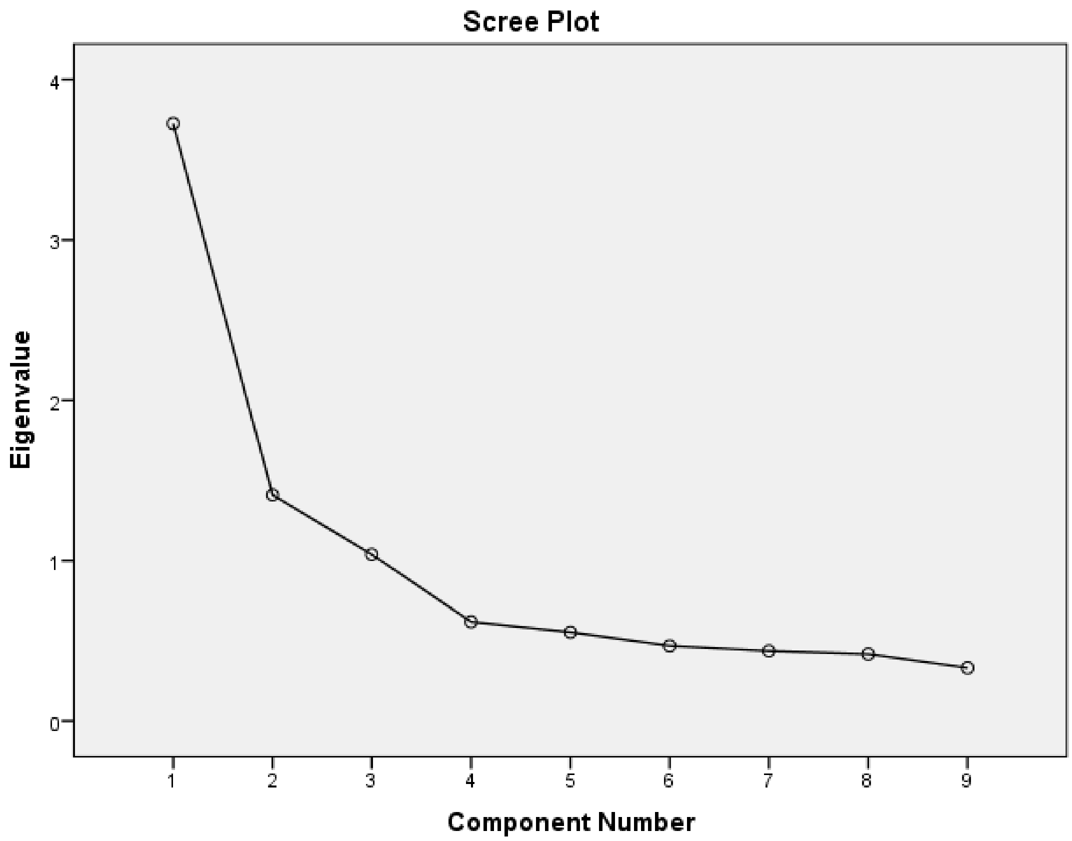
Ms. Prarthana Kumar
Doctoral Research Scholar
University of Hyderabad

Appendix 2: Descriptive Statistics and Plots of Factor Analysis

Descriptive Statistics and Plots for Factor Analysis

Factor Analysis of the Factors That Influence the Selection of a Hotel

Communalities		
	Initial	Extraction
Influence_Of_Past_Experience	1.000	.588
Influence_Of_Budget	1.000	.728
Influence_Of_Discounts	1.000	.680
Influence_Of_Amenities	1.000	.517
Influence_Of_Online_Reviews	1.000	.761
Influence_Of_Advertisement	1.000	.778
Influence_Of_Service	1.000	.694
Influence_Of_Food	1.000	.723
Influence_Of_Atmosphere	1.000	.706
Extraction Method: Principal Component Analysis.		



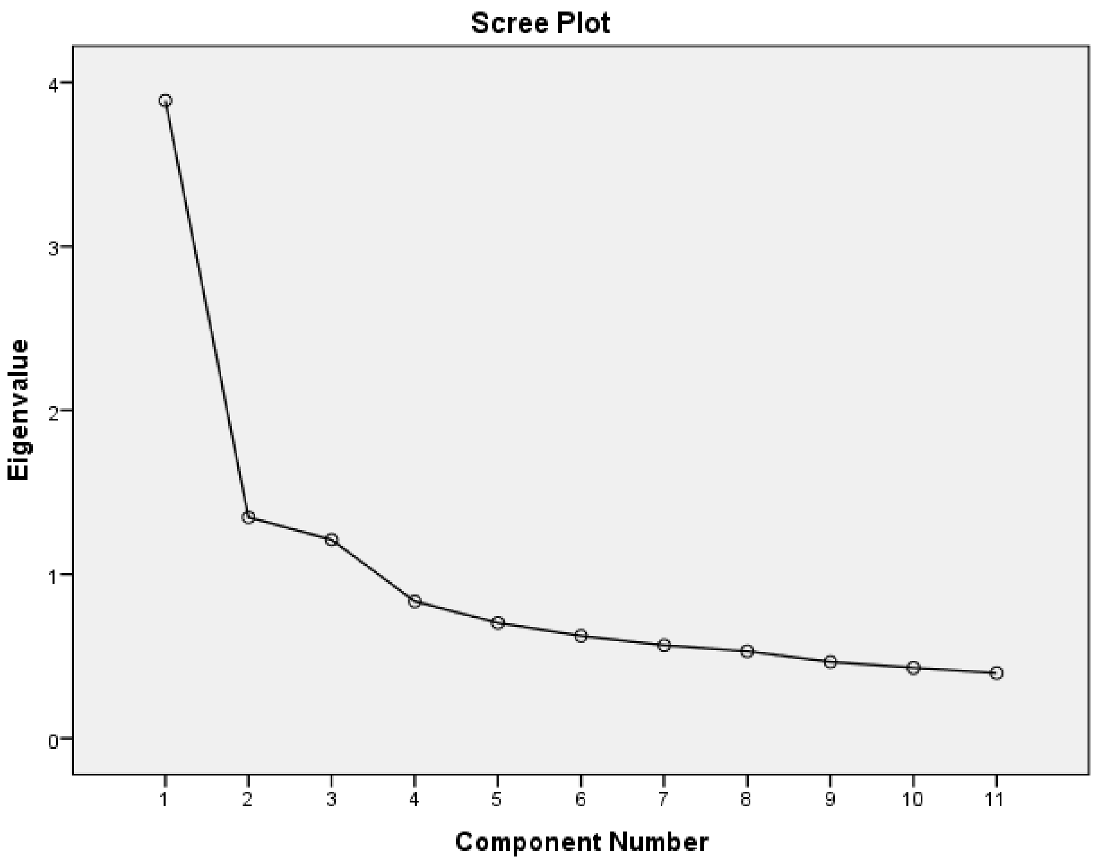
Component Matrix[a]			
	Component		
	1	2	3
Influence_Of_Past_Experience	.691	-.115	-.313
Influence_Of_Budget	.714	.122	-.451
Influence_Of_Discounts	.609	.379	-.406
Influence_Of_Amenities	.682	-.038	-.222
Influence_Of_Online_Reviews	.481	.615	.389
Influence_Of_Advertisement	.478	.633	.386
Influence_Of_Service	.705	-.369	.245
Influence_Of_Food	.680	-.423	.287
Influence_Of_Atmosphere	.695	-.378	.283
Extraction Method: Principal Component Analysis.			
a. 3 components extracted.			

Rotated Component Matrix[a]			
	Component		
	1	2	3
Influence_Of_Past_Experience	.384	.664	-.001
Influence_Of_Budget	.193	.823	.118
Influence_Of_Discounts	-.013	.767	.302
Influence_Of_Amenities	.372	.606	.103
Influence_Of_Online_Reviews	.113	.147	.853
Influence_Of_Advertisement	.099	.150	.863
Influence_Of_Service	.797	.221	.100
Influence_Of_Food	.831	.165	.071
Influence_Of_Atmosphere	.812	.185	.110
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.			
a. Rotation converged in 5 iterations.			

Component Transformation Matrix			
Component	1	2	3
1	.656	.662	.364
2	-.611	.181	.771
3	.444	-.728	.523
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.			

Factor Analysis of the Important Elements of the Ambience in a Luxury Hotel

Communalities		
	Initial	Extraction
Colour_Scheme_Important_Ambience_Element	1.000	.639
Ambience_Fragrance_Important_Ambience_Element	1.000	.667
Music_Played_Important_Ambience_Element	1.000	.556
Decor_Important_Ambience_Element	1.000	.523
Cleanliness_Important_Ambience_Element	1.000	.673
Lighting_Effect	1.000	.487
In_House_Advertisement_Important_Ambience_Element	1.000	.722
Upholstery_Important_Ambience_Element	1.000	.538
Ventilation_Important_Ambience_Element	1.000	.609
Open_Kitchen_Important_Ambience_Element	1.000	.530
Uniform_And_Groomig_Of_The_Staff_Important_Ambience_Element	1.000	.503
Extraction Method: Principal Component Analysis.		



Component Matrix[a]			
	Component		
	1	2	3
Colour_Scheme_Important_Ambience_Element	.590	-.039	-.538
Ambience_Fragrance_Important_Ambience_Element	.701	-.149	-.390
Music_Played_Important_Ambience_Element	.634	.011	-.393
Decor_Important_Ambience_Element	.669	-.166	-.220
Cleanliness_Important_Ambience_Element	.531	-.566	.265
Lighting_Effect	.630	-.155	.256
In_House_Advertisement_Important_Ambience_Element	.425	.734	-.046
Upholstery_Important_Ambience_Element	.557	.459	.131
Ventilation_Important_Ambience_Element	.608	-.028	.488
Open_Kitchen_Important_Ambience_Element	.525	.396	.312
Uniform_And_Groomig_Of_The_Staff_Important_Ambience_Element	.619	-.208	.276
Extraction Method: Principal Component Analysis.			
a. 3 components extracted.			

Rotated Component Matrix[a]			
	Component		
	1	2	3
Colour_Scheme_Important_Ambience_Element	.790	.047	.112
Ambience_Fragrance_Important_Ambience_Element	.767	.261	.098
Music_Played_Important_Ambience_Element	.703	.141	.207
Decor_Important_Ambience_Element	.621	.355	.107
Cleanliness_Important_Ambience_Element	.226	.764	-.194
Lighting_Effect	.238	.624	.204
In_House_Advertisement_Important_Ambience_Element	.204	-.118	.817
Upholstery_Important_Ambience_Element	.196	.206	.676
Ventilation_Important_Ambience_Element	.032	.694	.356
Open_Kitchen_Important_Ambience_Element	.049	.329	.647
Uniform_And_Groomig_Of_The_Staff_Important_Ambience_Element	.223	.655	.158
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.			
a. Rotation converged in 5 iterations.			

Component Transformation Matrix			
Component	1	2	3
1	.647	.618	.448
2	-.143	-.478	.866
3	-.749	.624	.221

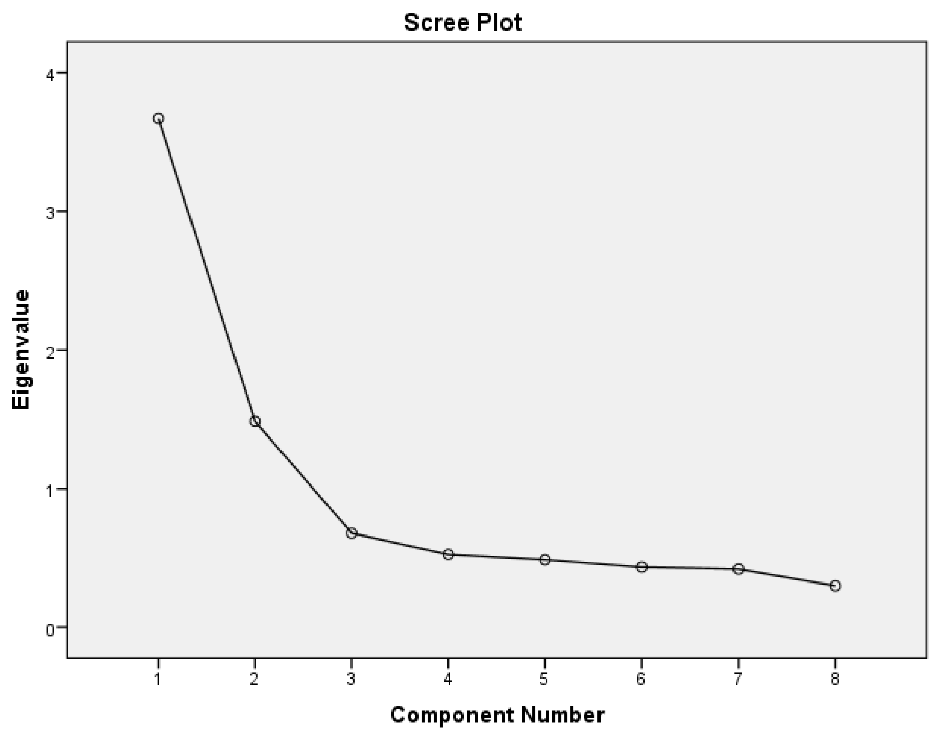
Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

Factor Analysis of the Already Existing Facts

Communalities

	Initial	Extraction
Loud_music_influences_my_food_and_beverage_selection	1.000	.695
Music_tempo_of_the_Luxury_Hotel_influences_my_dining_speed	1.000	.780
Luxury_Hotel_Music_decreases_my_perception_of_waiting_time	1.000	.666
Luxury_Hotel_Music_builds_a_positive_take_away_dining_experience	1.000	.637
Ambience_scent_is_pleasant_and_welcoming_which_improves_mood	1.000	.601
The_ambience_smell_enhances_my_Hotel_experience	1.000	.637
Efficiency_of_food_service_a_determining_factor_to_visit_Hotel	1.000	.655
Healthy_nutritive_menu_helps_making_the_choice_to_order_dish	1.000	.485

Extraction Method: Principal Component Analysis.



Component Matrix[a]		
	Component	
	1	2
Loud_music_influences_my_food_and_beverage_selection	.690	-.468
Music_tempo_of_the_Luxury_Hotel_influences_my_dining_speed	.750	-.467
Luxury_Hotel_Music_decreases_my_perception_of_waiting_time	.750	-.322
Luxury_Hotel_Music_builds_a_positive_take_away_dining_experience	.763	-.232
Ambience_scent_is_pleasant_and_welcoming_which_improves_mood	.702	.330
The_ambience_smell_enhances_my_Hotel_experience	.665	.441
Efficiency_of_food_service_a_determining_factor_to_visit_Hotel	.538	.605
Healthy_nutritive_menu_helps_making_the_choice_to_order_dish	.513	.471
Extraction Method: Principal Component Analysis.		
a. 2 components extracted.		

Rotated Component Matrix[a]		
	Component	
	1	2
Loud_music_influences_my_food_and_beverage_selection	.831	.073
Music_tempo_of_the_Luxury_Hotel_influences_my_dining_speed	.876	.112
Luxury_Hotel_Music_decreases_my_perception_of_waiting_time	.785	.224
Luxury_Hotel_Music_builds_a_positive_take_away_dining_experience	.739	.302
Ambience_scent_is_pleasant_and_welcoming_which_improves_mood	.336	.699
The_ambience_smell_enhances_my_Hotel_experience	.237	.762
Efficiency_of_food_service_a_determining_factor_to_visit_Hotel	.035	.808
Healthy_nutritive_menu_helps_making_the_choice_to_order_dish	.100	.689
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.		
a. Rotation converged in 3 iterations.		

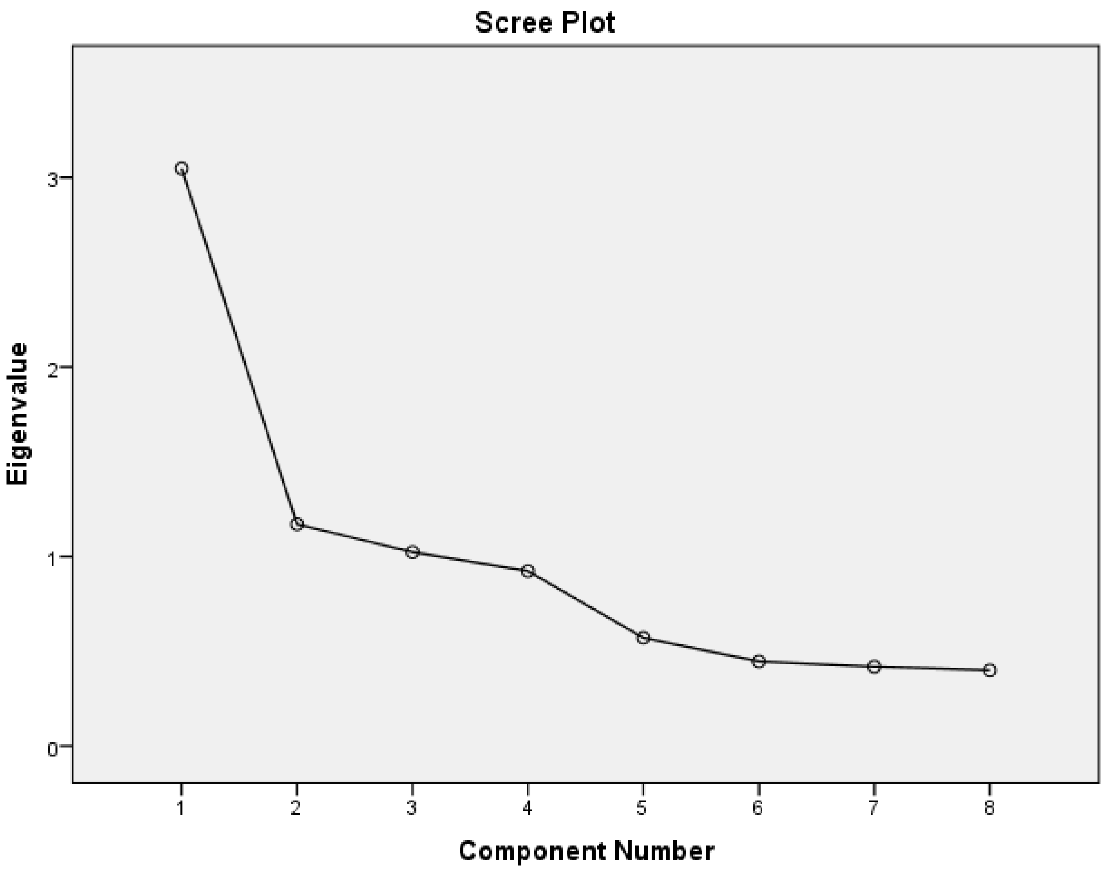
Component Transformation Matrix

Component	1	2
1	.776	.631
2	-.631	.776

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

Factor Analysis for Sight Variables

Communalities		
	Initial	Extraction
The_Hotel_efficiently_uses_Natural_Lights	1.000	.791
Softened_lights_increases_well_being_sensation_and_time_spent	1.000	.745
Uniform_and_Grooming_of_the_Hotel_Staff_is_attractive	1.000	.518
The_Hotel_staff_has_a_welcoming_body_language_and_smile	1.000	.538
The_Advertisements_of_the_Hotel_are_attractive	1.000	.809
Interior_Colour_encourages_stay_decision_leading_to_consumption	1.000	.737
The_Lobby_Rooms_Tableware_Washroom_are_clean_and_attractive	1.000	.583
Colour_Appearance_of_food_attracts_and_attribute_to_edibility	1.000	.520
Extraction Method: Principal Component Analysis.		



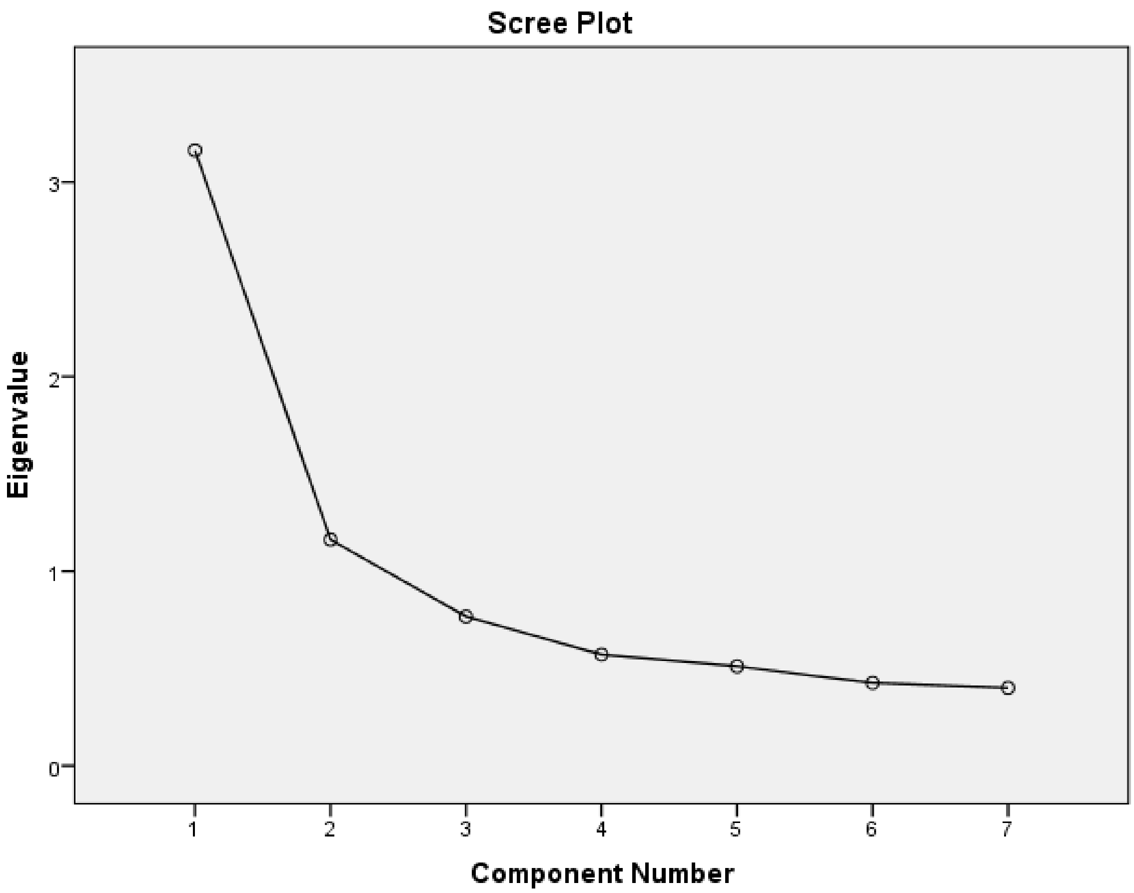
Component Matrix[a]			
	Component		
	1	2	3
The_Hotel_efficiently_uses_Natural_Lights	.516	.722	.053
Softened_lights_increases_well_being_sensation_and_time_spent	.601	.610	.111
Uniform_and_Grooming_of_the_Hotel_Staff_is_attractive	.658	-.141	.254
The_Hotel_staff_has_a_welcoming_body_language_and_smile	.677	-.162	.231
The_Advertisements_of_the_Hotel_are_attractive	.593	-.106	-.668
Interior_Colour_encourages_stay_decision_leading_to_consumption	.662	-.139	-.529
The_Lobby_Rooms_Tableware_Washroom_are_clean_and_attractive	.582	-.340	.358
Colour_Appearance_of_food_attracts_and_attribute_to_edibility	.633	-.290	.190
Extraction Method: Principal Component Analysis.			
a. 3 components extracted.			

Rotated Component Matrix[a]			
	Component		
	1	2	3
The_Hotel_efficiently_uses_Natural_Lights	.076	.880	.103
Softened_lights_increases_well_being_sensation_and_time_spent	.218	.827	.116
Uniform_and_Grooming_of_the_Hotel_Staff_is_attractive	.673	.210	.144
The_Hotel_staff_has_a_welcoming_body_language_and_smile	.684	.198	.177
The_Advertisements_of_the_Hotel_are_attractive	.128	.105	.884
Interior_Colour_encourages_stay_decision_leading_to_consumption	.265	.124	.807
The_Lobby_Rooms_Tableware_Washroom_are_clean_and_attractive	.762	.012	.050
Colour_Appearance_of_food_attracts_and_attribute_to_edibility	.688	.061	.209
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.			
a. Rotation converged in 4 iterations.			

Component Transformation Matrix			
Component	1	2	3
1	.724	.464	.511
2	-.450	.879	-.159
3	.523	.115	-.845
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.			

Factor Analysis for Sound Variables

Communalities		
	Initial	Extraction
Types_of_Music_played_in_Hotel_are_in_accordance_with_themes	1.000	.374
The_Noise_in_the_Hotel_overpowers_the_music_played	1.000	.706
The_Loud_Noise_in_the_Hotel_influences_my_taste_perceptions	1.000	.676
The_Loud_Music_in_the_Hotel_makes_me_dynamic_and_excited	1.000	.665
Sound_of_Food_influences_my_perception	1.000	.640
Sound_of_the_kitchen_interests_me_towards_the_dishes_cooked	1.000	.663
Hotel_uses_the_latest_TV_and_Sound_Systems	1.000	.601
Extraction Method: Principal Component Analysis.		



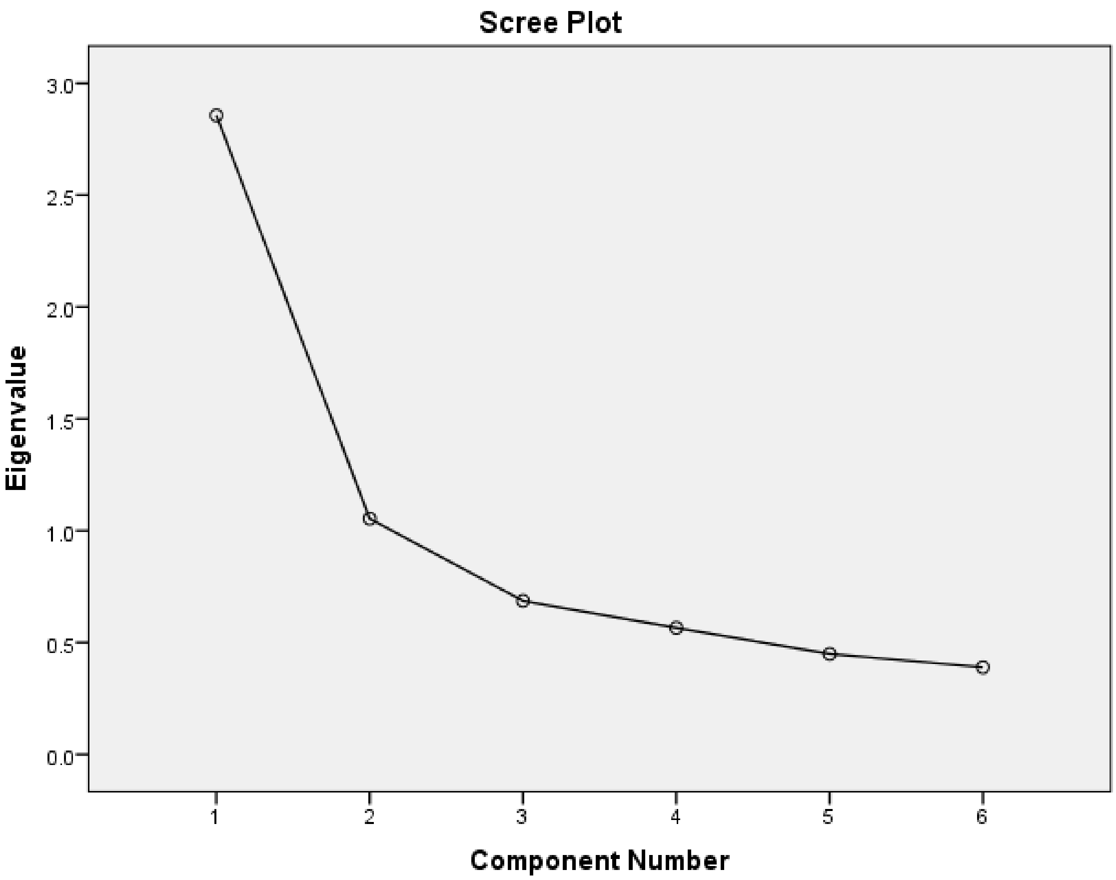
Component Matrix[a]		
	Component	
	1	2
Types_of_Music_played_in_Hotel_are_in_accordance_with_themes	.605	-.091
The_Noise_in_the_Hotel_overpowers_the_music_played	.695	-.472
The_Loud_Noise_in_the_Hotel_influences_my_taste_perceptions	.723	-.391
The_Loud_Music_in_the_Hotel_makes_me_dynamic_and_excited	.750	-.320
Sound_of_Food_influences_my_perception	.671	.436
Sound_of_the_kitchen_interests_me_towards_the_dishes_cooked	.652	.487
Hotel_uses_the_latest_TV_and_Sound_Systems	.593	.499
Extraction Method: Principal Component Analysis.		
a. 2 components extracted.		

Rotated Component Matrix[a]		
	Component	
	1	2
Types_of_Music_played_in_Hotel_are_in_accordance_with_themes	.522	.319
The_Noise_in_the_Hotel_overpowers_the_music_played	.836	.086
The_Loud_Noise_in_the_Hotel_influences_my_taste_perceptions	.805	.166
The_Loud_Music_in_the_Hotel_makes_me_dynamic_and_excited	.780	.237
Sound_of_Food_influences_my_perception	.233	.765
Sound_of_the_kitchen_interests_me_towards_the_dishes_cooked	.186	.793
Hotel_uses_the_latest_TV_and_Sound_Systems	.133	.764
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.		
a. Rotation converged in 3 iterations.		

Component Transformation Matrix		
Component	1	2
1	.766	.643
2	-.643	.766
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.		

Factor Analysis for Smell Variables

Communalities		
	Initial	Extraction
Ambience_Smell_is_the_Hotel_Signature_Scent	1.000	.622
Smell_gives_me_a_Perception_of_Clean_and_Fresh_Ambience	1.000	.662
Smell_in_Lobby_area_of_hotel_impresses_me_for_the_quality	1.000	.608
Aroma_of_the_food_adds_to_my_taste	1.000	.670
The_aroma_of_the_food_increases_my_appetite	1.000	.728
The_aroma_of_the_food_makes_me_order_more	1.000	.621
Extraction Method: Principal Component Analysis.		



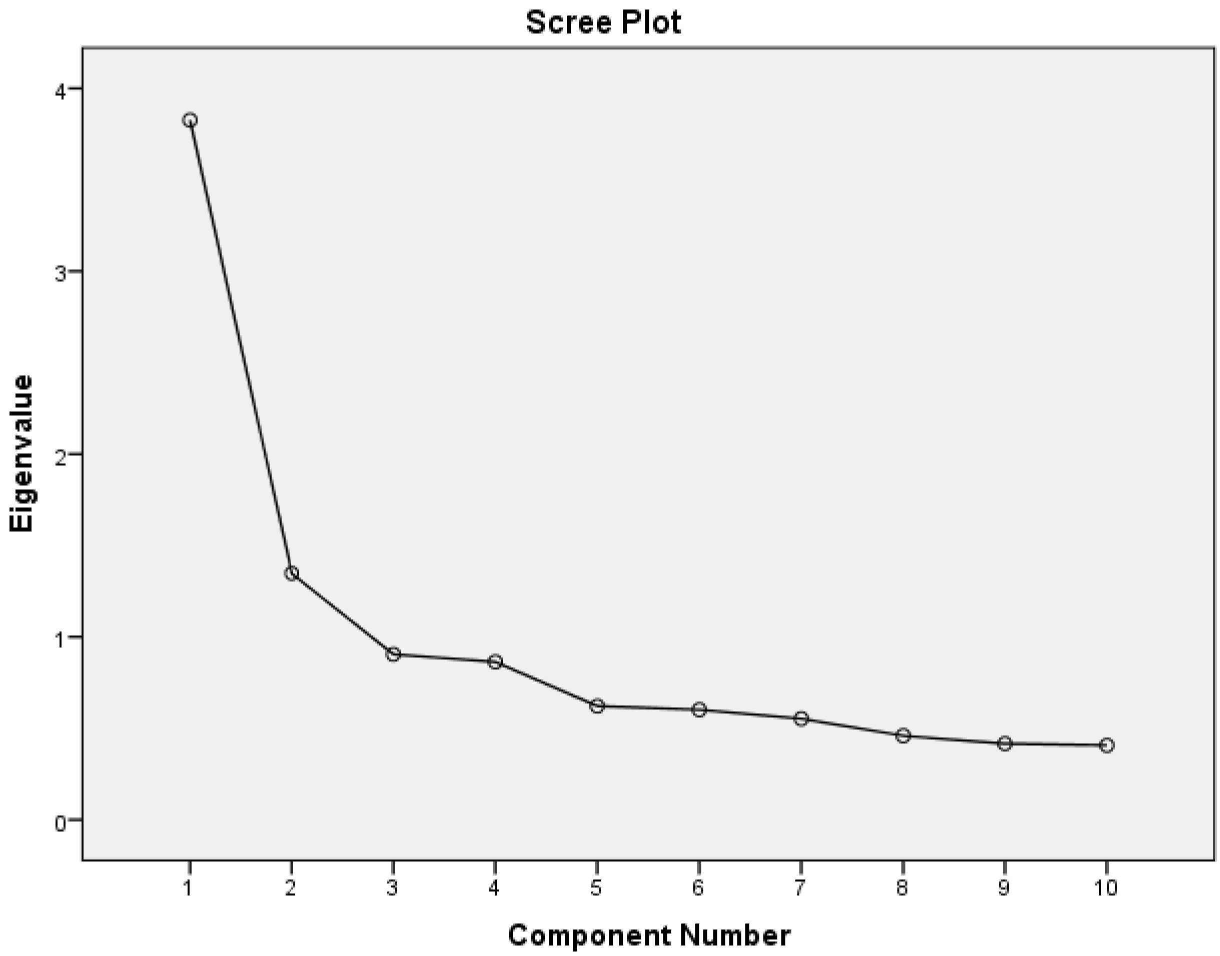
Component Matrix[a]		
	Component	
	1	2
Ambience_Smell_is_the_Hotel_Signature_Scent	.639	.462
Smell_gives_me_a_Perception_of_Clean_and_Fresh_Ambience	.633	.512
Smell_in_Lobby_area_of_hotel_impresses_me_for_the_quality	.707	.328
Aroma_of_the_food_adds_to_my_taste	.735	-.360
The_aroma_of_the_food_increases_my_appetite	.733	-.436
The_aroma_of_the_food_makes_me_order_more	.685	-.389
Extraction Method: Principal Component Analysis.		
a. 2 components extracted.		

Rotated Component Matrix[a]		
	Component	
	1	2
Ambience_Smell_is_the_Hotel_Signature_Scent	.162	.772
Smell_gives_me_a_Perception_of_Clean_and_Fresh_Ambience	.123	.804
Smell_in_Lobby_area_of_hotel_impresses_me_for_the_quality	.303	.718
Aroma_of_the_food_adds_to_my_taste	.786	.228
The_aroma_of_the_food_increases_my_appetite	.836	.170
The_aroma_of_the_food_makes_me_order_more	.769	.174
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.		
a. Rotation converged in 3 iterations.		

Component Transformation Matrix		
Component	1	2
1	.740	.673
2	-.673	.740
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.		

Factor Analysis for Touch Variables

Communalities		
	Initial	Extraction
Texture_of_the_food_served_gives_me_good_quality_feel	1.000	.403
Weight_of_tableware_influences_my_perception_of_quality	1.000	.378
Texture_of_upholstery_and_linen_used_in_the_Hotel	1.000	.620
Furniture_of_Luxury_Hotel_is_comfortable_to_be_used	1.000	.575
General_touch_of_the_Luxury_Hotel_makes_me_feel_good	1.000	.629
Temperature_of_the_food_served_affects_my_mood	1.000	.555
Texture_of_food_influences_my_satiation_levels	1.000	.584
Luxury_Hotel_provides_a_variety_of_Bath_Salts	1.000	.494
Hotel_staff_welcomes_with_warm_and_friendly_handshake	1.000	.464
Luxury_Hotel_food_mouthfeel_is_satisfying_to_me	1.000	.470
Extraction Method: Principal Component Analysis.		



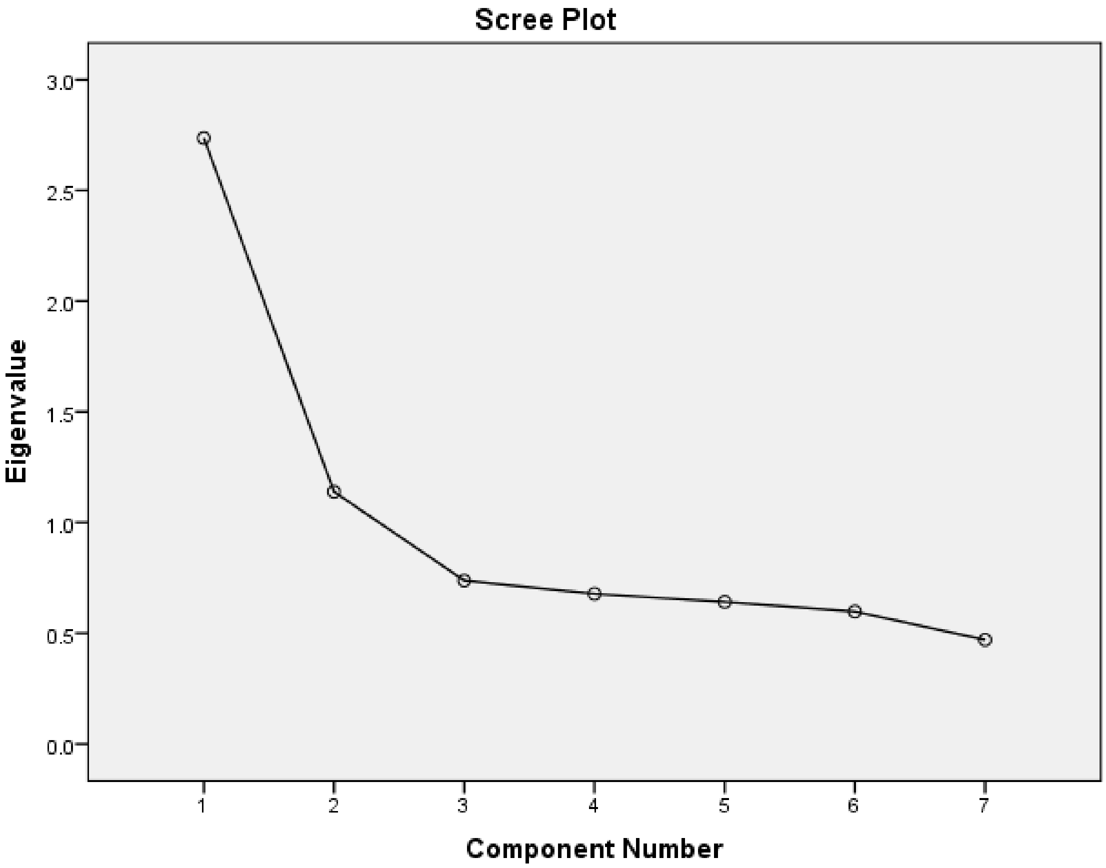
Component Matrix[a]		
	Component	
	1	2
Texture_of_the_food_served_gives_me_good_quality_feel	.607	-.186
Weight_of_tableware_influences_my_perception_of_quality	.545	-.285
Texture_of_upholstery_and_linen_used_in_the_Hotel	.648	-.447
Furniture_of_Luxury_Hotel_is_comfortable_to_be_used	.647	-.395
General_touch_of_the_Luxury_Hotel_makes_me_feel_good	.677	-.413
Temperature_of_the_food_served_affects_my_mood	.561	.490
Texture_of_food_influences_my_satiation_levels	.605	.467
Luxury_Hotel_provides_a_variety_of_Bath_Salts	.618	.334
Hotel_staff_welcomes_with_warm_and_friendly_handshake	.628	.264
Luxury_Hotel_food_mouthfeel_is_satisfying_to_me	.635	.257
Extraction Method: Principal Component Analysis.		
a. 2 components extracted.		

Rotated Component Matrix[a]		
	Component	
	1	2
Texture_of_the_food_served_gives_me_good_quality_feel	.567	.285
Weight_of_tableware_influences_my_perception_of_quality	.591	.170
Texture_of_upholstery_and_linen_used_in_the_Hotel	.778	.125
Furniture_of_Luxury_Hotel_is_comfortable_to_be_used	.741	.162
General_touch_of_the_Luxury_Hotel_makes_me_feel_good	.775	.170
Temperature_of_the_food_served_affects_my_mood	.067	.742
Texture_of_food_influences_my_satiation_levels	.115	.756
Luxury_Hotel_provides_a_variety_of_Bath_Salts	.216	.669
Hotel_staff_welcomes_with_warm_and_friendly_handshake	.271	.625
Luxury_Hotel_food_mouthfeel_is_satisfying_to_me	.281	.625
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.		
a. Rotation converged in 3 iterations.		

Component Transformation Matrix		
Component	1	2
1	.723	.691
2	-.691	.723
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.		

Factor Analysis for Taste Variables

Communalities		
	Initial	Extraction
Hotel_serves_the_food_and_beverages_with_proper_temperature	1.000	.602
Quantity_of_the_food_served_by_the_Hotel_is_sufficient	1.000	.556
Spicy_food_discourages_me_to_eat	1.000	.379
Hotel_menu_offers_a_variety_of_cuisines	1.000	.565
The_Hotel_menu_is_reasonably_priced	1.000	.623
Basic_dish_description_available	1.000	.536
Hotel_menu_gives_information_about_nutritive_value	1.000	.614
Extraction Method: Principal Component Analysis.		



Component Matrix[a]		
	Component	
	1	2
Hotel_serves_the_food_and_beverages_with_proper_temperature	.568	.528
Quantity_of_the_food_served_by_the_Hotel_is_sufficient	.618	.417
Spicy_food_discourages_me_to_eat	.604	-.122
Hotel_menu_offers_a_variety_of_cuisines	.613	.435
The_Hotel_menu_is_reasonably_priced	.740	-.274
Basic_dish_description_available	.569	-.461
Hotel_menu_gives_information_about_nutritive_value	.648	-.441
Extraction Method: Principal Component Analysis.		
a. 2 components extracted.		

Rotated Component Matrix[a]		
	Component	
	1	2
Hotel_serves_the_food_and_beverages_with_proper_temperature	.080	.771
Quantity_of_the_food_served_by_the_Hotel_is_sufficient	.191	.721
Spicy_food_discourages_me_to_eat	.535	.305
Hotel_menu_offers_a_variety_of_cuisines	.175	.731
The_Hotel_menu_is_reasonably_priced	.738	.281
Basic_dish_description_available	.732	.027
Hotel_menu_gives_information_about_nutritive_value	.778	.095
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.		
a. Rotation converged in 3 iterations.		

Component Transformation Matrix		
Component	1	2
1	.753	.658
2	-.658	.753
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.		

Appendix 3:

Krejicie Morgan Sample Adequacy Table

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

N" is population size

"S" is sample size.

(Source: Krejicie, Robert V., Morgan, Daryle W., "Determining Sample Size for Research Activities", Educational and Psychological Measurement, 1970)