

A STUDY ON CUSTOMER ENGAGEMENT AMONG INDEPENDENT AND BOUTIQUE HOTELS IN BANGALORE

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Abstract: In the modern world that we live in, choices are abundant for consumers. This is particularly true in the hotel industry. Customers have the upper hand and are no longer looking for the biggest or fanciest hotel, but an experience that they will not forget. This has led to the increase in popularity of independent and boutique hotels across the globe. The study is aimed at understanding how personalized services, location, ratings and reviews influence customer engagement among independent and boutique hotels in the city of Bangalore. A survey of 107 respondents was analysed using various tools of SPSS. The results show that personalized services, location, ratings and reviews influence customer engagement.

Keywords: Boutique hotels, Customer engagement, Independent hotels, Location, Personalization, Ratings and Reviews

I. Introduction

The hotel industry has evolved majorly from the time it began. Competition is intense and each hotel must have something unique to offer in order to attract and retain customers. The concepts of independent and boutique hotels are relatively new, yet they are becoming increasingly popular. Hence the purpose of this study is to understand the influence of personalized services, location, ratings and reviews on customer engagement among independent and boutique hotels.

1.1 Hotels

A hotel is an organization that provide lodging to its guests for a price for a short period of time. The minimum criteria to be called a hotel is that there must be an establishment that should have at least six bedrooms to let out, out of which three must have attached private bathrooms.

1.2 Size of the industry

The complete input by the travel and tourism industry to the GDP of India is predicted to increment from Rs 15.24 trillion in 2017 to Rs 32.05 trillion in 2028. India was positioned seventh among 184 nations regarding travel and tourism's absolute contribution to GDP in 2017. Travel and tourism are the third biggest foreign trade earner for India.

1.3 Independent and boutique hotels

An independent hotel is a hotel that is independently owned and run, all of the hotels which are not related to a hotel chain are considered 'independent,' whereas a boutique hotel is a small hotel which typically has between 10 and 100 rooms in unique settings with upscale accommodations and individualized unique selling points. However, these terms are interchangeably used as they almost mean the same thing.

1.4 Customer engagement

Customer engagement is the means by which a company creates a relationship with its customer base to foster brand loyalty and awareness. It is particularly important in the hotel industry to ensure that customer enjoy their experiences and want to come back again.

1.5 Personalization

Personalization is the process of making something suitable for the needs of a particular person or a group of people. Personalization in the hotel industry is no longer a trend. Today, it is a requirement. Hotels are presently better able to gather, store and retrieve information so as to give visitors an undeniably increasingly personalized experience.

1.6 Location

Location is defined as a particular place or position. In all business' location plays an essential job in its prosperity and hotels are no exception.

1.7 Ratings and reviews

A rating can be defined as a measurement of how good or popular someone or something is. A review is a formal assessment of something with the intention of instituting change if necessary. Online reviews significantly affect booking choices. Going through reviews has become a primary step before making any booking. A hotel cannot escape from the intensity of reviews affecting customers choices on whether to choose their organization or their rivals.

II. Objectives of this Research

1. To study the influence of personalization of hotel services on customer engagement.
2. To study the influence of location on customer engagement.
3. To study the influence of ratings and reviews of hotels on customer engagement.

III. Dimensions of Study

1. Customer engagement: It is crucial to the performance and experiences that independent and boutique hotels offer. The extent of customer engagement is influenced by a number of factors which include: personalization, location, ratings and reviews.
2. Personalization: Customization and personalization are becoming increasingly important in the hotel industry. Customers look for a memorable experience that stays with them. Personalization is also an important aspect when one looks at comfort at hotels. Hence, it becomes an important criterion while choosing hotels which makes it an important factor in the study.
3. Location: One of the first criterion while choosing a hotel is its location. Customers want a place that is convenient and suitable for their respective needs. Hence, it is a crucial factor in this study.

4. Ratings and reviews: Today, everyone has access to the web, which has provided a larger platform for ratings and reviews. Based on these, customers are able to judge most services including hotels before making a decision.

IV. Scope of the Study

The scope of this study mainly branches out to three main factors- personalization, location, ratings and reviews. It looks into the influence of personalization of hotel services, location and ratings/reviews on customer engagement.

V. Literature Review

(Cotter, 2016) The article highlights the uniqueness of independent hotels. Most importantly for this industry, independent hotels are big in terms of room inventory – the collective number of rooms these hotels represent. It focuses on the independent hotel market in Europe. It talks about how they have greater scope for creativity and identity. There is no need to adhere to standardized brand guidelines that lack localness. They can really focus on their guests' experiences and provide more personalized services.

(Kandampully, 2017) In the current hospitality industry, superior customer experiences are vital in gaining customer loyalty and achieving a competitive advantage. The article focuses on customer experience management in the hospitality field by providing a comprehensive overview of the key elements of customer experience management, a framework for managing customer experience and a rich agenda for research. The proposed model takes a holistic perspective on managing a positive customer experience, through collaboration among marketing, operations, design, human resources and strategy, in association with technology and social media. The study provides a comprehensive, systematic review of customer experience management literature and detailed understanding of the mechanisms for managing customer experiences in the hospitality industry. It integrates state-of-the-art customer experience management knowledge in the generic business context, along with principles of hospitality management, and advances customer experience management research by emphasizing the need for collaboration among marketing, operations and human resources.

(Selbert, 2018) The article explains why independent hotels are doing better than branded hotels such as The Marriott and The Hilton. Nonbranded hotels do not come across several of the difficulties that are becoming greater problems for operators and lenders of branded assets. These hotels can improve their assets when the market tells them to, not when the brand tells them to. They can IMPROVE to the standards the market demands, not to standards that a brand demand. Millennials like boutique hotels. Well-established brands are claustrophobic and undesirable in an age where a treehouse on Airbnb is preferred. Boutique owners have the elasticity to compete in a way that branded asset owners do not. They can take advantage of branding strategies, digital media, big data and creativity to win their customers rather than sticking to an old formula that will soon be broken. In the 100% digital era, purchasing channels are shifting quickly. Many of the pre-existing obvious benefits of branding with a large network are being eroded. Instagram influencers staying at a boutique property can drive sales more than a credit card with points can. And the cost of that customer acquisition doesn't come with franchise fees and other expenses that eat into gross margins.

(Cavin, 2016) The article describes the changes in customer behaviour in the hotel industry over the years. Being able to adapt to the quickly changing customer demands has become the biggest advantage of individual hotels. If accepted and adapted to it, these hotels will start seeing a shift of travelers moving from large brands to their unique type of hotels. Over the last decade a traveler's perception has changed a lot. Travelers do not necessarily want that golden bathtub anymore but would rather pay extra for an unforgettable experience. This provides a huge advantage to individual hotels and smaller hotel chains since it takes longer for global chains to establish new brands tapping into the fast-changing market. Individual hotels and small hotel chains now for the first time, have a powerful advantage and are able to leverage on the rapid changes in the industry. It is important for smaller hotels or brands to accept and adapt to these changes and to immediately start developing products and services targeted to consumer demands.

(Landman, 2016) According to this article, independent luxury hotels tend to outshine the chain hotels. They are focused on authentic experiences incorporating mainly original boutique hotels and luxury independent hotels. Millennials, the golden market segment everyone has been raving about, also seems to appreciate more authentic and original personalized experiences over a cookie cutter, of the shelf type of product. He describes the change in scenario that is- the world has changed, people have become more aware and expressive of their needs. The modern consumer is much more conscious of what he appreciates and wants. The consumer is not looking for a standardized industrialized product. He is looking for a fun time at a nice place. And the industry is catching on.

(Jay Kandampully, 2013) This article helps us extend our understanding of the relationship between customer loyalty, customer satisfaction, and image. This is of considerable interest to those in the field of hospitality management. The objective of the article is to identify the factors of image and customer satisfaction that are positively related to customer loyalty in the hotel industry.

(Chipkin, 2017) The independent hotel industry has surged in recent years – whether “true independents” with no affiliation; or the many independent hotels affiliated with soft brands like Marriott's Autograph Collection and Hilton's Curio. Garner said that a true independent hotel offers a non-standardized experience. He said that even though soft-branded hotels operate autonomously they must follow brand standards of some kind. He believes that the rise of independent hotels makes travel agents more valuable.

(Bardoul, 2018) The fame of the boutique hotel products is displayed through increases that surpass upscale-class hotels and gain on extended-stay hotels. This hotel segment sets itself apart by offering the guest an experience many times immersed with a local community while offering exclusive facilities for a memorable stay. There are opportunities to be a part of this ever-growing segment in many underserved markets, as well as ideas aimed at a lower price point. Boutique hotels led in demand increases in 2016, surpassed by extended-stay hotels in 2017. At 7% growth in 2017, boutique hotel demand outperformed upscale class hotels and the overall industry. Independent and boutique hotels have been established for decades and have a steadier growing inclination than its lifestyle- and soft-brand collection counterparts. Supply of independent boutique hotels increased at a compound annual average of 3.5%, and demand increased 4% year over year in 2017. Room revenues for this hotel type increased at 5% in 2017. Fresh supply and demand increase of almost 6% respectively in 2017 indicate the popularity of this hotel idea continues to increase awareness for the independent boutique. Boutique hotels are on their way to become the fastest-growing segment in the lodging industry and there is definite opportunity for development with spreading heavily concentrated in only a handful of markets.

(Lad, 2019) A hotel's online reputation holds an incentive for travelers looking to travel to new places. Travelers check review websites and OTA platforms for the best offers and also to get a more extensive point of view of the hotel. The new-age explorer looks to comprehend what others are stating about a hotel before affirming the booking status. Frequently, assessments of past visitors will in general impact the decision of the person reading the review. Which is the reason why the rating of a hotel can severely impact the revenue generated from it.

(Diana Gavilan, 2018) The paper investigations the effects of positive and negative ratings as the primary phase of the decision-making process when booking a hotel. The study tested the collaboration between numerical ratings given to an item or administration and the quantity of verbal reviews it has gotten while controlling subject powerlessness to relational impact. The investigation led to a full factorial between subjects plan of 2 dimensions of ratings (positive versus negative) x 2 dimensions of reviews (high versus low) in a choice-controlled setting. Results recommend a deviated connection between numerical ratings and reviews: When the rating is great, the trust in the rating relies upon the quantity of reviews, however on the other hand, if the rating is terrible, the quantity of reviews has no impact on how dependable the rating is. Scholarly and administrative ramifications of this examination and extension for future research have likewise been talked about.

(Hargreaves, 2015) Hotels are principally seen as a service industry with intangible zones of visitor experience and service levels. The exploration target of the paper was to all the more likely comprehend the hotel visitor satisfaction and the regions that hotel the executives can change, so as to improve results. For this reason, an examination of hotel visitor satisfaction ratings dependent on properties, for example, location, sleep quality, rooms, service quality, value for cash and cleanliness was performed. Further, content examination of client reviews was likewise performed to all the more likely comprehend the positive and negative suppositions of hotel visitors. The study concentrates on distinguishing the properties that separate one hotel from another, and afterward utilizing these credit experiences to make suggestion to hotel the executives, on how they can improve their tasks, visitor satisfaction and for the most part separate themselves from their opposition. Information from an online site, Trip Advisor, was utilized to investigate and think about client ratings and reviews on five hotels. Factual information examination systems were utilized to recognize the key properties that are most essential in picking hotels and are basic to concentrate on so as to guarantee visitor satisfaction desires are met. In view of content examination, the key outcomes from the investigation demonstrated that hotel visitors search for a decent room and a hotel with a pool and great service. In view of the ratings examination, the most essential qualities for visitor satisfaction ended up being Rooms, Value for cash and Location.

VI. Analysis and Interpretation

Reliability Statistics	
Cronbach's Alpha	N of Items
.798	22

The test of reliability conducted above is based on twenty-two questions. The test produced a Cronbach's Alpha score of 0.798. This score is more than the recommended score of 0.7. It can therefore be concluded that this reliability level is acceptable and can be used for all further analysis of data.

Correlations			
		avgdep	avgind
avgdep	Pearson Correlation	1	.522**
	Sig. (2-tailed)		.000
	N	107	107
avgind	Pearson Correlation	.522**	1
	Sig. (2-tailed)	.000	
	N	107	107
**. Correlation is significant at the 0.01 level (2-tailed).			

The given correlation table has a significant value of 0.522, this means that there lies a positive correlation between the two variables. In other words, customer engagement and location, personalization and reviews are correlated.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.522 ^a	.722	.266	.36143
a. Predictors: (Constant), avgind				

In the above model summary of regression analysis for the data that is being studied an R square value of 0.722 is generated (72.2%). This implies that if this study is carried out in a similar situation under similar circumstances then the predictability of the data will be 72.2%. This goes to show that there is an almost seventy-five percent chance that similar results will be found if this study is conducted at other times.

VII. Findings and Conclusion

From the questionnaire the following conclusions can be drawn:

Firstly, customers feel that ratings and reviews are important for decision-making in the hotel industry. Secondly, customers strongly believe that independent and boutique hotels focus more on what they want and desire. Thirdly,

customers are highly influenced by unique features and personalized services offered by hotels. Finally, customers believe that location is an integral factor for choosing a hotel.

From the study, it can be concluded that efforts relating to location, personalization and reviews has a positive relationship with customer engagement and hence has an impact on it. The impact is significant however there are several other factors that also influence customer engagement in the hotel industry. In today's world, independent and boutique hotels have a lot of potential as they offer customized services to their customer. Therefore, these hotels have an edge over chain hotels especially in terms of personalization.

Recommendation:

The following points of suggestions and recommendations can be arrived at from the study conducted-

- Hotels should focus more on personalized features as there lies a strong relationship between personalization and customer engagement.
- Hotels should find an adequate location that suits the needs of their target customers as it increases their customer engagement.
- Hotels should focus on receiving feedback as there lies a strong relationship between ratings and reviews with customer engagement.

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