

## **1. Background:**

The main theme of this research project is to study the consumer behavior in context to hospitality and tourism.

The K, Jay (2006) study reveals that tourism and hospitality industry are linked with each other due to their connection with leisure travel.

The word 'hospitality' is defined by different scholars and according to the Oxford Dictionary (1993) extracted from Ingram, H (1999), hospitality means "the friendly and generous reception and entertainment of guests or strangers".

The tourism business provides accommodations, food and other recreating services to tourists. The rapid increase in global market place competition, economic progress, globalization, and information technology has compelled organizations to transform their prevailing traditional business paradigms in to totally new business style that is coherent with today's environment and requirements. In simple words, it means to bring profound changes in services sector and hospitality that not only attract and serve customers but make them a basic unit of organizational growth, economic stability and prosperity. (Doz and Hamel, 1998).

Tear (1996) study shows what the customer expects and is provided by service provider i.e. hotels, restaurants or host community, will overall boost tourism that in turn will increase the economic prosperity of the region. Kandampully (2006) on customer demand states the customer needs are changing with time and the organization has to re-examine the conventional wisdom to come up with new paradigms that fulfil the needs of modern customers.

The Kandampully (2000) study shows that the facilities such as room, food, and bar are no longer luxury to customers but these are now basic component of lifestyle. His study further reveals hospitality services are no longer traditional and because of the travelers it has grown and modernized globally. The demand for high quality hospitality services, increase choice and value for money has put the service providers i.e. hotels and restaurants in to greater competition that on other hand has compelled managers to use the low cost leadership, price discounts and developing loyalty by providing unique benefits techniques.

The study of Kandampully on service providers further reveals that the attempt by such hospitality providers to improve the market share by such pricing strategy is very dangerous for business according as it creates a negative impact on hotel industry and long term profitability. However the service quality is the characteristic that can make them competitive in market and can generate more loyal customers. The Reichheld and Sasser (1990) shows loyalty can boost profit from 25%-85% and thus it has more importance as compared to low cost leadership and discount pricing strategies. Julander et al (1997) clears this statement and according to him it is more important for hospitality industry to focus on customer loyalty and other consumer behaviors on which the hotel industry and tourism is based and survive. The Gremler and Brown (1997) study shows there are two quality factors service quality and customer satisfaction that are the pre-quisites to customer loyalty and that it keeps the hospitality services well competitive in the market and welcoming for prospective tourists.

## **2. Objectives of the Research:**

The main objective of this research is to have an extensive study of consumer behaviour in context to hospitality and tourism. The researcher aims to study consumer behaviour in the context of tourism and hospitality based on following three dimensions.

- Pricing Strategy (such as cost of accommodation, food, travelling)
- Service Quality
- Provision of unique benefits

The analysis will show the components of service quality, concept of customisation, customers' interpretation of service quality and factors and dimensions that are not only important for existing customers but also for prospective customers.

Further the consumer loyalty in context to tourism and hospitality will be analyzed in terms of customer satisfaction and service quality that are considered as important dimensions of customer loyalty according to (Gremler and Brown, 1997)

### **3. Research Methodology**

The main purpose of any research is to gain knowledge and achieve answers of the research questions in a systematic way. It involves collecting information, analyzing it and then explaining. There are two sources of knowledge. First, Secondary source, and second, Primary source. Secondary source of knowledge comprises existing knowledge available in the form of publications for example, books, journals, encyclopedias, and government documents, audio or video sources. It is easy to get secondary knowledge as compared to primary knowledge. In order to get the answer of research problem, it is imperative to study secondary data, it may either give answer to the problem or it will help to refine our knowledge. Once the secondary data is achieved, the next step is to carry out primary research to collect primary

data which is out rightly non published data and can be achieved through experiment, observation, and survey (Timm et al 1994 ).

### **3.1: Data collection**

The primary data can be collected either by quantitative or qualitative method or by both.

Aliaga and Gunderson (2002) cited by Daniel and Muijs(2004 p.1) gave the following definition of quantitative method 'Explaining phenomena by collecting numerical data that are analysed using mathematically based methods (in particular statistics).'

Qualitative research does not involve collection of numerical data so cannot be analyzed using mathematical procedure, rather it comprises a variety of methods for collecting data, for example conducting interviews, analyzing dialogues, and studying case studies etc (Muijs and Daniel(2004).

Kotler et al (1999) describe that the researcher usually prefer to use qualitative techniques to investigate the attitude of small number of respondents and use quantitative methods for discovering the approach of large number of respondents.

The researcher would mainly use quantitative method to find out consumer behavior towards hospitality and tourism, and would partially use qualitative method to explore the view of hospitality specialist to address the research objectives. The primary data would be collected at Travel lodge and Holiday Inn Express London Bridge. The data will be collected from 60-80 consumers and two hospitality specialists

### **3.2: Research sample**

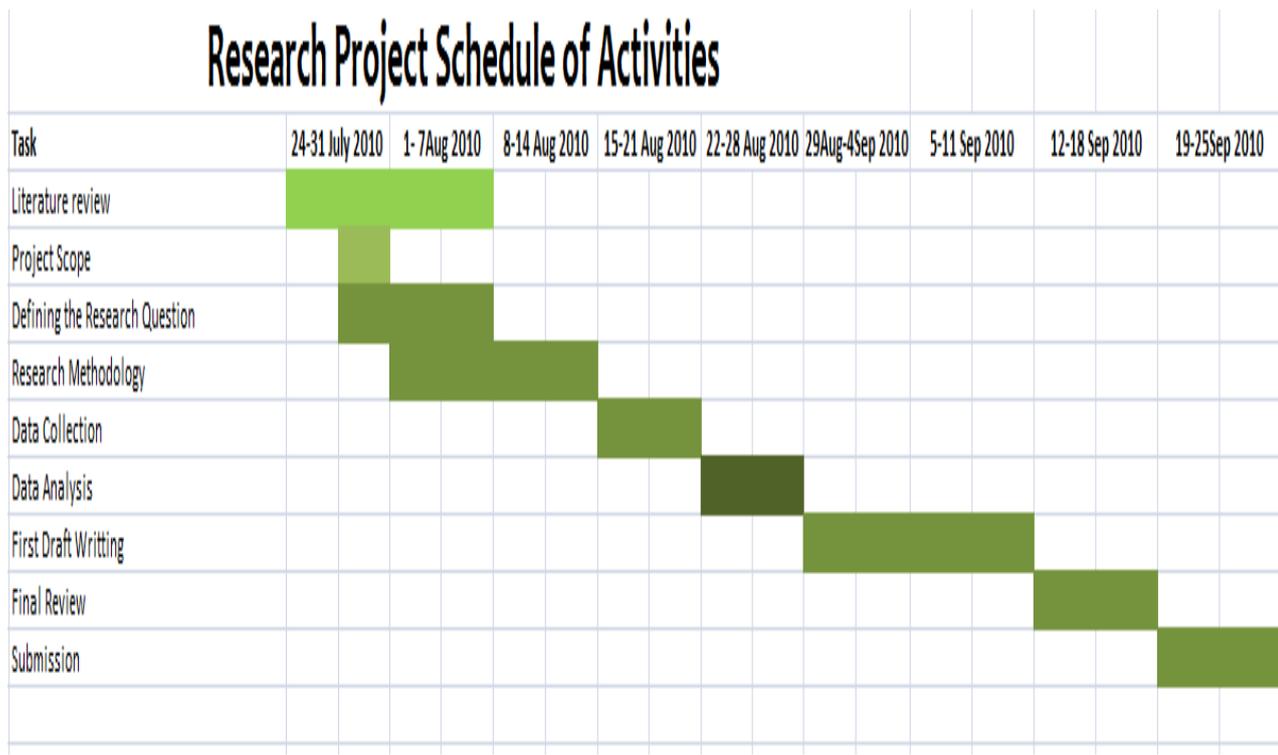
Primary data are collected from respondents, it is pre-requisite for researcher to pin point the people from whom data can be collected. "Research sample" is the group

selected individuals who might be affected by the research subject and they are representative of the population on which the research is carried out. Research sample is vital for primary research (Hague et al 2006). Research sample will be selected for current research.

### **3.3. Questionnaires design**

The purpose of questionnaire is to achieve information about a specific research question. This information are further analyzed and interpreted in order to hold a better understanding of the problem. There are two main types of questionnaires. First, structured questionnaire, which is meant to gain some specific information in short time (Chisnall 1997). Second, unstructured questionnaire which generates new ideas which the interviewer might not have imagined (Timm et al 1994). The researcher would use structured questionnaire in the current research

**4. Project Plan:** the whole project is expected to complete in time frame. Initially however the researcher may experience some delays in data collection or primary survey.



### 5. References:

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Supervisor Comments:

The objective of this research is to analyse customer reaction to changes in price, quality and service levels in two hotel chains in London.

The hotel market is volatile to all sorts of short term issues such as the economic environment, the weather, the season, special events etc. Capacity particularly in London is massive, and competition between suppliers is intense.

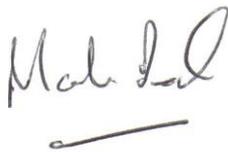
As such key variables such as price, quality and service levels are important variables in attracting customers.

The hotel industry is well researched and documented both academically and commercially (through industry analysts etc). Therefore there should be no issue with putting together a solid literature review.

The sample size and population is practical, sensible and achievable and should lead to some interesting insights providing the questionnaire is far reaching enough.

This should lead to a good project

Please submit to Sunderland

A handwritten signature in black ink, appearing to read 'Martin Deal', with a horizontal line underneath it.

Martin Deal  
Supervisor  
22<sup>nd</sup> August 2010