



## Analysing Effects of Online Distribution for Marketing of Accommodation Sector in Kolkata, India

Dr. Soumendra Nath Biswas<sup>1</sup> and Sudipta Kumar Pal<sup>2</sup>

<sup>1</sup>Associate Professor, Assam University (A Central University), Silchar, Assam, India

<sup>2</sup>Research Scholar, Utkal University of Culture

Bhubaneswar, Odisha, India

### ABSTRACT

Accommodation sector primarily deals with the accommodation products, i.e., hotel rooms, which may vary to a great extent according to the type of the establishment and market demand. Demand oriented marketing activities are essential to sustain and grow in competitive environment. Appropriate marketing strategies are required to maintain expected occupancy level and to earn revenue for accommodation business. The distribution channel is concerned with the transfer or delivery of the goods or services to the end user or consumer of the product.

A well-run distribution system is necessary to extend markets for any product or service. Distribution channels generally have multiple stages, comprising of producer, wholesaler, retailer and consumer. The hospitality industry especially the accommodation sector faces complications in the distribution process due to the intangibility of its product. The study will also provide an insight of the online distribution system in regards to accommodation products. This paper aims to find out the effect of Online Distribution for Marketing of Accommodation sector in Kolkata, India. It is important to know the impact of using e-marketing especially the online distribution system for increasing occupancy in accommodation sector. This paper will analyse the effect of Online Distribution in the study area.

**Keywords:** Hospitality, Accommodation sector, E-marketing, Online distribution.

### 1. INTRODUCTION

Among the service industries, the Hospitality and Tourism business in India plays an important role for creating job opportunity and generating revenue for a country. The accommodation sectors contribute maximum foreign exchange for India. Both domestic tourism and inbound Tourism will grow if the accommodation industries will grow in a larger pace. With the Government initiative like the Swadesh Darshan scheme, PRASAD & HRIDAY scheme more domestic tourists are visiting in destinations. India as a developing country and has a huge potential for the growth of accommodation sector. By implementing the policy of globalization, many international companies are investing in India in Accommodation sector. For domestic tourism there is a need of more and more numbers of budget class hotels. In Hospitality & Tourism business there are 5 'A's which include: Attraction, Accessibility, Accommodation, Amenities and Activities. The third 'A' accommodation plays an important role for tourist movement in the destination.

After the globalization, application of technology in accommodation sector has become essential. In this digital era, tourists will prefer to visit destinations after collecting information and prefer for online reservation. After Covid period, accommodation sector is bouncing back and regain its position in service sector of India.

Accommodation sector primarily deals with the accommodation products, i.e., hotel rooms, which may vary to a great extent according to the type of the establishment and market demand. Budget accommodation sector constitutes the major portion of the total accommodation business. They must practice some kind of marketing activities to sustain and grow in competitive environment. Appropriate marketing strategies are required to maintain expected occupancy level and to earn revenue for accommodation business.

Due to the globalization and huge development of Information and Communication Technology, there are some opportunities and challenges for the accommodation industry. Tourists are now a day preferring for hotel and online booking through online only.



With the advancement of technology, this is now affordable even for small establishments included in budget accommodation sector. At the same time, it is convenient for the potential guests too, as they are free to choose and book their services (hotel room or airline ticket) at their convenient time and in the comfort of their home. This is how Online Distribution of hospitality products is going to be obvious in future years. It is, therefore, necessary to measure the extent of its effects on distribution of budget accommodation products through online channels, such as travel distributor websites and mobile apps. This study has been aimed to find out the scope and effectiveness of such online distribution as a marketing tool for the budget accommodation sector in Kolkata.

## **2. RESEARCH GAP**

Accommodation products are challenged by two characteristics, fluctuating demand and fixed inventory, as demand for hotel rooms varies due to different factors but number of rooms in a hotel is fixed. All these characteristics aggregately make it very challenging to market accommodation products, in comparison with goods products. The 21st century has brought about many changes in the business environment, in which budget hotels operate, survive and grow. These changes may be identified by more product options, increased price competition, limited scope for New Product Development (NPD), proliferation of internet and mobile marketing etc. Most of these changes have happened due to tremendous technological advancements in different fields, especially in Information and Communication Technology (ICT).

It is, therefore, necessary to assess the suitability of online distribution as an effective marketing tool for the budget hotel sector in terms of booking, occupancy and revenue generation.

## **3. RESEARCH DESIGN**

Design means making an outline, planning, or arranging details. It is a process of making decisions before the situation arises in which the appropriate decision has to be taken. Research design is planning a strategy for conducting research. According to Henry Manheim, 'research design is not only anticipating and specifies the seemingly countless decisions connected with carrying out data collection, processing, and analysis but it presents a logical basis for these decisions' (Selltitz, 1962). The design of this research is descriptive in nature and based on primary and secondary data. The population of the study includes all budget hotels, which may be defined as the establishments in Kolkata, providing decent accommodation

## **4. LITERATURE REVIEW**

Marketing of any service product itself is a challenge. It is due to the unique characteristics associated with the service products. These characteristics have been identified as intangibility, inseparability, variability and perishability (Kotler, Bowen and Makens, 2008, p. 66).

In marketing, the location of any business is very important to the marketing practitioners because somehow it contributes immensely to the achievement of marketing objective. In hospitality and tourism industry, location of particular hotel or recreation centre adds value to needs satisfaction strategies adopted by the recreation or hotel. Is the environment quiet, conducive or crowding? All necessary environment factors must be taken into consideration before the location of hotel business or recreational area is chosen (Attih, 2013).

The tourism distribution system has witnessed not only the incremental evolution but also radical transformation since the advent of the Web. In this process of progression and change, the commercial application of the Internet in 1993 serves as a milestone, owing to the introduction of the web browser into the marketplace, which makes the communication between suppliers and consumers possible (Kracht and Wang, 2010).

The emergence of internet-enabled distribution channels has created both opportunities for and challenges to hotels' revenue-management practices. The potential to reduce distribution costs using internet channels has made hotel managers more conscious of the need to maximize contributions to gross profit (revenue less distribution costs) rather than just the revenue obtained from a given room sale. In addition to considering rate and timing of sales, hotel managers must evaluate the effects of distribution-channel management on their current revenue-management practices and determine how to benefit from it (Choi and Kimes, 2002).

An analysis of previous trends and opportunities shows that ICT developments, and especially Web 2.0, have generated a deep change in consumer habits and expectations. Travellers are more demanding and look for differentiated and personalized services (Minazzi, 2014).

Competition among hotels is vigorous, so the manner of setting up proper e-marketing strategies is also crucial. E-marketing practices in the hospitality industry are no longer involve simply establishing of an information website (Ip, Leung and Law, 2011).

The widespread use of mobile devices in daily life activities has impelled a growth in the development of applications (apps) for different purposes. Tourism is one of these spheres of activity in which mobile apps have been developed to support visitors (Xiang and Tussyadiah, 2014, p.30).

The phenomenal rise of social media as a factor in travel plans is a Janus-like development for operators of hotels, restaurants, and other travel industry businesses. On one hand, social media have created a new distribution channel and opened a deep well for marketing research. On the other, however, social media have changed the way travellers determine where they will stay - particularly leisure travellers (McCarthy, Stock, and Verma, 2010).

The hospitality industry is at the forefront of the whole tourism sector and it is especially sensitive to the ever-increasing competitive pressure and to the growing need for more effective operational and control tools. The help that can be given by ICTs is therefore much sought-after and is seen as capable of providing new opportunities for business development (Rodolfo, 2015).

## **5. OBJECTIVES**

The main objective of this paper is to analyse the effect of online distribution as a marketing tool for accommodation sector. Some of the other objectives are:

1. To understand the major marketing challenges faced by the budget accommodation sector in the study area.
2. To identify different online distribution channels are used by budget accommodation sector.
3. To analyse the role of online distribution for determining effectiveness.

## **6. ONLINE DISTRIBUTION**

Distribution of accommodation products through online channels, are getting popular day by day. With the advancement of ICT and internet technologies, gathering information virtually is possible now by sitting at home. Information of hotel room, prices, and availability are now found online anytime anywhere as a result of online distribution. Thus, online distribution has changed the channels that people use to reserve hotel rooms. Because of the rapid evolution in online distribution, hotel properties and chains find themselves in an unstructured relationship with intermediaries that seek to distribute hotel rooms, including Global Distribution Systems (GDSs), online travel distribution intermediaries, wholesalers, travel agents, and travel planners. The present trend indicates that the following three online distribution channels are mostly used in the hospitality industry: hotel websites, online travel distribution intermediaries and Global Distribution Systems (GDSs). Investing in these online distribution channels is becoming essential if hoteliers want to retain guests, improve hotel positioning, and gain a competitive advantage in markets that are sometimes saturated with hotel supply. The internet has drastically changed hotel distribution and the new technologies are making it increasingly quick and easy to access any type of information for their potential guests, not only locally but globally

## **7. ONLINE DISTRIBUTION FOR BUDGET ACCOMMODATION SECTOR**

Budget hotels are mainly small to medium-sized hotel establishments that offer basic accommodation with little services and a very limited number of on-site amenities. These hotels provide clean, comfortable, safe, inexpensive rooms and meet the basic need of guests. These facilities normally cater and market to a specific demographic of travellers, such as budget travellers seeking no frill accommodation. Budget hotels appeal primarily to budget minded travellers who wants a room with minimum services and amenities required for comfortable stay, without unnecessary paying additional cost for costly services. Limited-service hotels often lack an on-site restaurant but in return may offer a limited complimentary food and beverage amenity such as on-site continental breakfast service. In contrast to most traditional forms of accommodation, budget hotel is a relatively new phenomenon in the hospitality industry.

## **8. CONCLUSION**

The accommodation sector especially budget hotel includes all hotels that produce and provide decent hotel room and a few other services, such as limited food and beverage and laundry options, which suites the budget travellers in the city. They are supposed to maintain quality and hygiene standards, acceptable to most of the guests. Marketing of accommodation product itself is a challenge due to its unique characteristics of service product. Online distribution can be an adoptable solution to this challenge.

Although, ICT is able provide a platform for online distribution at a cost-effective manner, budget hotels are slow to adopt newer technologies due to lack of awareness. This online distribution is done through the website of the individual hotel or the website of the travel distributor, representing the array of hotels available in the specific geographical location over the internet. The same can be done over the mobile internet, which is accessible from compatible mobile handsets. International hotels, chain/group of hotels have been kept out of the scope of this study as the effectiveness of online distribution has already been established for them.

The following table represents the outcome (in terms of approximate number of budget accommodation providers, basically hotels) in Kolkata:

**Table1.1. Distribution of budget accommodations in Kolkata across OTAs**

Sl.	Travel Distributors	Budget Hotels Available	Budget Accommodation Providers
1.	bookings	174	257
2.	BudgetHotels	206	303
3.	cleartrip	322	412
4.	expedia	108	230
5.	goibibo	304	421
6.	hotels	Not specified	238
7.	ixigo	162	688
8.	lonelyplanet	Not specified	385
9.	makemytrip	334	347
10.	redbus	153	228
11.	stayzila	351	541
12.	tripadvisor	208	570
13.	trivago *	305	1134
14.	yatra	125	596
15.	YOY Rooms	Not specified	264
	<b>Average</b>	<b>210.86</b>	<b>440.93</b>

The importance of online distribution channels has increased dramatically and in the recent years number of reservations made online has expanded. This growing importance and the evolution of the channels increased the complicated nature of online distribution channels and created several issues related to the relationship between hotels and online distribution channels. Price transparency; building customer relationship; complexity and hotel quality of information shown on online distribution channels were four main issues encountered in the literature.

## REFERENCES

Ahuja, R. (2001) *Research Methods*, Rawat publication.

Attih, O. (2013). Application of Marketing Concept in the Hospitality and Tourism Industry in Akwa Ibom State, Nigeria: An Evaluation. *IOSR Journal of Business and Management (IOSR- JBM)*, 14(2), 17–22.

Bowie, D., and Buttle, F. (2004). *Hospitality marketing: An introduction*. Amsterdam: Elsevier Butterworth-Heinemann.

Choi, S., and Kimes, S. E. (2002). Electronic distribution channels' effect on hotel revenue management. *Cornell Hotel and Restaurant Administration Quarterly*, 43(3), 23–31.

Hudson, S. (2008). *Tourism and Hospitality Marketing: A Global Perspective*. Sage Publications.

Ip, C., Leung, R., and Law, R. (2011). Progress and development of information and communication technologies in hospitality. *International Journal of Contemporary Hospitality Management*, 23(4, SI), 533–551.

- Khanzode V. V. (1995). *Research Methodology: Technique and Trends*. New Delhi: APH Publishing Corporation. See also C. R. Kothari (2010). *Research Methodology: Methods and Technique*. New Delhi: New Age International Publishers.
- Kotler, P., Bowen, J. T., and Makens, J. (2014). *Marketing for hospitality and tourism*. Harlow, Essex: Pearson Education Limited.
- Kracht, J., and Wang, Y. (2010). Examining the tourism distribution channel: evolution and transformation. *International Journal of Contemporary Hospitality Management*, 22(5), 736– 757.
- McCarthy, L., Stock, D., and Verma, R. (2010). How travelers use online and social media channels to make hotel-choice decisions. *Cornell Hospitality Report*, 10, 4–18.
- Minazzi, R. (n.d.). *Social media marketing in tourism and hospitality electronic resource*. Springer.
- Rodolfo, B. (2015). Information and communication technology in the hospitality industry. *E- Review of Tourism Research (eRTR)*, 2(5), 108–114.
- Selltiz, Claire and others (1962). *Research Methods in Social Sciences*. New York: Holt Rinehart and Winston: Published for the Society for the Psychological Study of Social issues.
- Xiang, Z., and Tussyadiah, I. (2014). *Information and Communication Technologies in Tourism 2014 Proceedings of the International Conference in Dublin, Ireland, January 21-24, 2014*. Dordrecht: Springer.