

**Changing Needs of Millennial: Millennial Expectations and Reality of Hotel Industry****Dr. Rasika Gumaste<sup>1</sup>**

Associate Professor

AISSMS college of Hotel Management &amp; Catering Technology, Pune.

**Ms. Sarika Joshi<sup>2</sup>**

Research Scholar

Dr. D. Y. Patil Institute of Hotel Application &amp; Management, Akurdi, Pune

**Abstract:**

Hotel Industry, over past two decades is giving significant attention to the millennial generation as they have become a niche market for business hotels. With their unique demands and different perspective, hotel industry is facing typical service quality challenges. This study aims to find out the latest demands of the millenials from the hotels during their travel. However it also tries to gauze the gap between the expectations of millennial tourists and what actually the industry is providing against their demands. The study was mainly quantitative having interviews with a few hoteliers and domestic millennial tourists in Pune. A structured questionnaire was forwarded to get the primary data for the study. The findings of the study revealed that, there is a significant difference between the expectations of Millennial for hotel Business Facilities and the actual Facilities provided by the Star Business Hotels in Pune City.

**Keywords:** Millennial, Hotel Facilities, Business Hotel, Repeat Customer.

**Introduction:**

Millennials, whose age usually lies between 18 to 35 years, are also known as Gen Y or the 'Me generation'. They are turning into special business travelers, which a hotel industry needs to be aware of. Millennials have already been impressively a socioeconomic force which has a great influence on the marketing strategies followed by hotels. This remarkable change is going to sustain at least for the next few years.

Due to this, there is a big impact on business, as millenials are spending a huge amount on business travel. Research shows that over 60% of millenials opt for Loyalty Programs to improve the seamlessness of their trip. They prefer to stay in hotels which support their appetite for technology, such as meeting spaces with free Wi-Fi services, latest apps linked to social media. Digital payments are closely linked to mobile technology because they are becoming an increasingly important way for millennials to conduct their transactions. Corporate travelers will also be looking for hotel staff that is extremely competent and able to make recommendations or provide things at a moment's notice. Millennials are now seeing business trips as a good way to turn a stressful trip into a relaxing one, by having a holiday after their meetings and conferences are over. They love to have experiences. Rather than spending their money on things and objects, they would rather have an enriching holiday and go on a voyage of discovery to make memories that they will have for the rest of their lives.

Some of them even switch their loyalty in this bargain, as some hotels can't take care of their preferences. If one hotel cannot provide the services, they quickly google and opt for another hotel, that can help them in the 'micro-moment'.

More to say, this Me generation is more confident, assertive and exactly know what they want. Regardless of their demands they are the bread and butter of the travel and hospitality industry. Having the knowledge that the millennial market is going to continue to grow, it makes sense for hotels to make sure that they are reaching out to this audience now, so that it can continue to grow and develop with the trends that they are responsible for.

**Scope and Limitations of the study:**

This project applies to 5 Star Business Hotels in the city of Pune, along with the corporate clientele in the city. However, the scope of the project may be extended to all 5 Star Hotels across India.

**Limitations:** Some of the limitations faced during this research survey are:

1. Biased opinion of guests.
2. Limitation of time.
3. Approachability to topmost hotels in the city.
4. Segmentation of millennial crowd.
5. Differences of individual opinions, leading to confusion.

**Literature Review:**

The trends in the hotel industry keep on changing rapidly. The literature review was carried out for the current trends that will suit the requirements of millennials, like theme rooms in boutique hotels, enhancing the sleep experience by providing heavenly beds, bathrooms as wellness zones and other new trends in the hotel guest room facilities.

Duarte Maria, (2018): The researcher emphasizes on how Lisbon's hotels can be improved and made more attractive to Millennials and Asian travelers during the facilities provided by the Asian hotels. The author has concluded that, although there is a notable undergoing process of adaptation for the guests, there is a long way ahead in order for Lisbon's hotels to entirely please and retain millennial guests.

Oswald Mhlanga, (2018): Today the millennial generation has become a niche market for the Hotel Industry. It has brought unique perspectives and values, thus posing atypical service quality challenges to hotels. The study was carried out to identify factors influencing hotel experiences for millennial tourists. The study revealed that three factors namely, 'tangibles', 'reliability' and 'responsiveness' significantly impacted on hotel experiences. However, among these factors, 'tangibles' emerged as the best predictor of tourist experiences whilst reliability was rated by respondents as the attribute highly impacting on hotel experiences. To improve the tangible experience, hotels can increase technology features in rooms such as extra electrical outlets, strong WiFi connectivity, mobile device charging ports and self-service tablets. To improve 'reliability' hotels can implement digital booking, check-in and check-out via smart phones. This can be done through dial-inns inside rooms.

Kate Silver, (2017): The author says that across many brands, in-room technology is making stays more personalized and convenient. The app doesn't just give access to guest room but is a key to communication at the hotel. It's possible to spend a night or week, there and not physically talk to anyone but still manage to order food at the on-site restaurant, call a cab, check in, check out, and request more towels and even chat with other guests. The guests can stream Netflix onto the television, control the lighting and thermostat using the TV remote control, and each room has an Amazon Echo unit that streams music, reads the weather report, looks up info on the Web or does other tasks via voice command.

A report in Expedia (2016) The Millennial generation is one of the largest generations in history – even larger than Baby Boomers. Through social media, millennials have grown up with deeper connections to the world than previous generations, and there is a strong desire to enrich their lives through travel and in turn, they will do so in a host of colorful new ways with challenging new attitudes. As the hotel industry evolves to meet the demands of the millennial traveler, the report reinforces that above all else Millennials expect personalization from their travel brands of choice.

Robert Rauch, (2015): Today's customers want to stay in the hotels that acknowledge their preferences and desires, engage customers through immersive brand and product stories that create excitement and create the WOW factor.

Watkins (2015): By the year 2017 Generation Y's representatives will spend more money on hotels than Baby Boomers. They are also planning to take 24% more leisure trips in the coming year than in the previous 12 months. The findings of this report highlight millennials' uniqueness, address misconceptions and offer strategies to best serve them. Here are four critical takeaways to keep in mind:

1. Millennials' use of mobile devices in hotels and restaurants is more pervasive than many in the industry may have thought: 39% of millennial have already ordered food and beverages through their mobile devices, and a fifth have already used their smart phones to check-in to a hotel
2. Millennials' engagement with mobile devices is clearly evident, but it is by no means universal. In other words, a large proportion of millennial still prefer the "human touch" and want personal service when visiting restaurants, bars, coffee shops and hotels.
3. Today's marketplace demands efficient creation, delivery and management of an unprecedented array of services and options.

Minnaar (2014): According to his study, Generation Y representatives, also known as millennials are high demanding consumers and they are known not to be very brand loyal. Generation Y is the first generation which has grown up together with technology, which makes them the first generation to be digital natives. The hospitality industry is facing constant changes mainly because of this generation, and the hotels have to be ready for these young and entrepreneurial consumers. Hotels should question their old service habits when these new consumers, who are highly affected by globalization, individualism and personalization, will dominate the industry. In addition, they want individualization so that their experiences are customized just for their needs.

Peter Yesawich, (2012): Every hotel has some unique selling point to survive in the competitive market. As far as the facilities in the guest room are concerned, it includes the appeal of soundproofed guest rooms, premium quality bedding and linen, hotel frequent-stay points, suggesting that they no

longer provide the degree of service or product differentiation and are expected by the guests. The author also says that the customer is much more informed and engaged in selection of accommodation than they were previously. The heightened involvement is due their demand for higher value wherever they are staying.

Steve Timmermand, (2012): Personalisation of services is the most growing trend in the hotel industry. The guests prefer those hotels who handle their issues on the priority basis and also their preferences are taken care in all the visits

Morten Heidi, (2009): In his study, he mentioned that distinctiveness of the hotel was rated as important variable to create an exceptional hotel atmosphere.

There is a great deal of research and statistics that speak of millennials as a new generation coming into its prime. As per an article in We Bee Solutions many millennials have stable incomes and have earned their financial independence, with some even starting young families. In the next 10 years, statistics show that millennials will make up 75% of the workforce. More and more millennial are joining the workforce every day and gaining their financial independence. This means that the influence and effects of their choices and tendencies will grow heavier. A millennial will directly look up a hotel on the internet if they're planning a holiday. They will also look for the hotel's reviews, social media posts, and corporate accounts.

To summarize, millennials will seek out any digital footprint during the consideration period before booking their stay. As a result, leaving a consistent digital footprint which is backed up with a positive user experience is very important for the hospitality industry to attract millennials.

**Objectives of the study:**

1. To study the expectations of Millennial regarding Business Facilities offered in the 5 Star Business Hotels in Pune.
2. To study the Business Facilities offered in 5 star category hotels in Pune.
3. To evaluate the gap between the expectations of Millennial and Business Facilities offered by the hotels.

**Hypothesis of the study:**

**Ho:** There is no gap between the expectations of Hotel Facilities for the Millennial and the actual business facilities provided by the star hotels.

**H1:** There is a gap between the expectations of Hotel Facilities for the Millennial and the actual business facilities provided by the star hotels.

**Research Methodology:**

A complete analytical research methodology was used to come up to conclusions and recommendations. Relevant data was gathered by conducting surveys in the 5 Star Business Hotels of Pune city as well as personal interactions with employees of these properties. A survey was also

conducted for the customers of these properties to understand their perception. To analyze the objectives data was collected from Primary and Secondary Sources.

**Primary Data Sources:**

The primary data required for the study was collected by visiting 5-Star Business Hotels in Pune through a questionnaire format.

Primary data was also collected from the customers of the above mentioned hotels. 10 customers per hotel were surveyed for the research. The customer selection was done through their professional profile. Primary data was collected from customers through a structured questionnaire format.

**Secondary Data Sources:**

The relevant secondary data was collected by referring to internet, books, journals and any other relevant print material.

**Data Analysis and Interpretation:**

The collected data was tabulated systematically and analyzed using basic statistical and presentation tools such as bar graphs and pie charts to reach an explainable and valid result. Likert’s scale was used to analyze responses on a 5 point basis. The sample names are hidden and randomly named alphabetically to maintain privacy of the data supplied. Analysis was done in two parts –

Part I- analyses the data provided by Millennial or Guest.

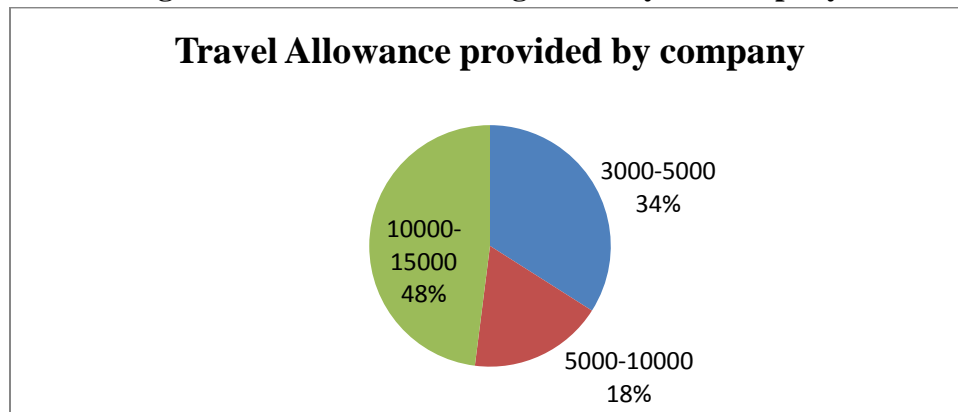
Part II- analyses the data provided by Management of 5 Star Business Hotels or Hoteliers.

**Data Analysis & Data Interpretation: Part I**

This is the first part of Data Analysis, wherein the data was collected by surveying corporate customers staying in various hotels from the selected sample hotels and who avail business facilities.

Approximately 50 customers were surveyed through this questionnaire.

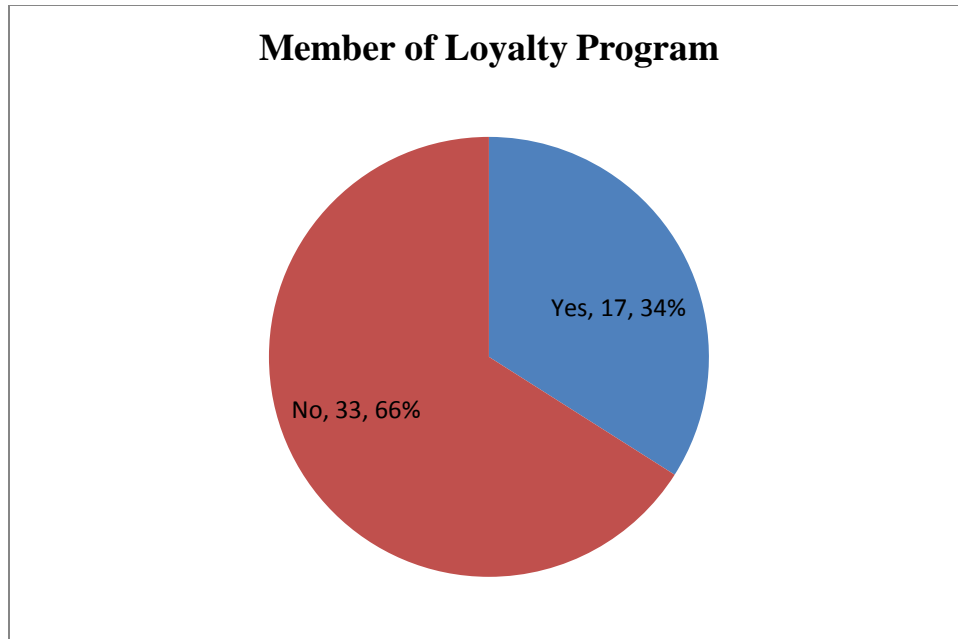
**Figure 1: Travel Allowance granted by the company:**



**Observation:** The above graph analyses the travel allowance granted by companies to its employees for corporate tourism.

**Interpretation:** This figure states that majority companies spend a lot on their employees for travel. Maximum employees are paid the travel allowance in the range of Rs. 10,000 to Rs. 15,000 per month.

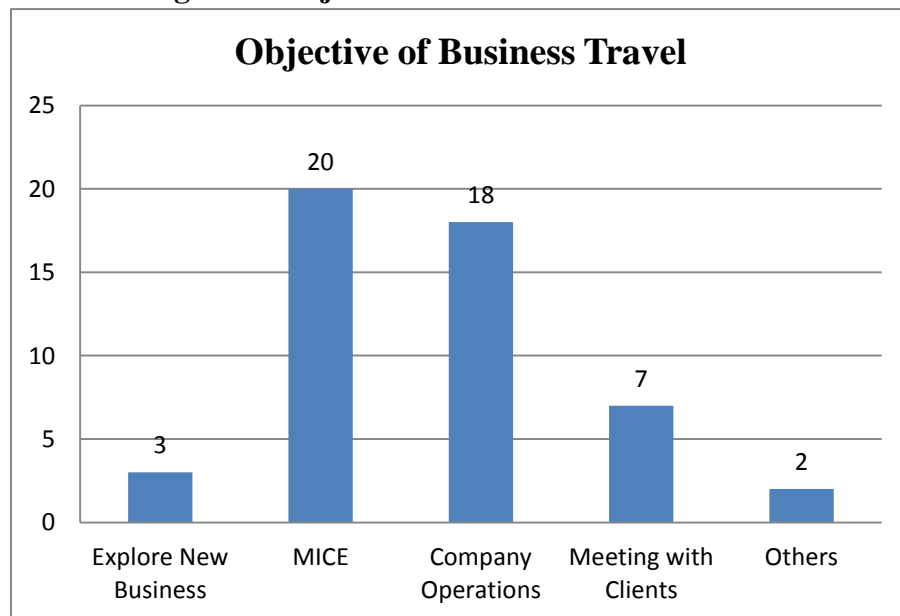
**Figure 2: Member of Loyalty Program :**



**Observation:** The above graph analyses the involvement and enrolment of frequent business travelers in any brand loyalty programs run by hotels.

**Interpretation:** This chart states that about 34% of corporate customers are involved in loyalty programs of different hotels, thus availing various discounts and perks.

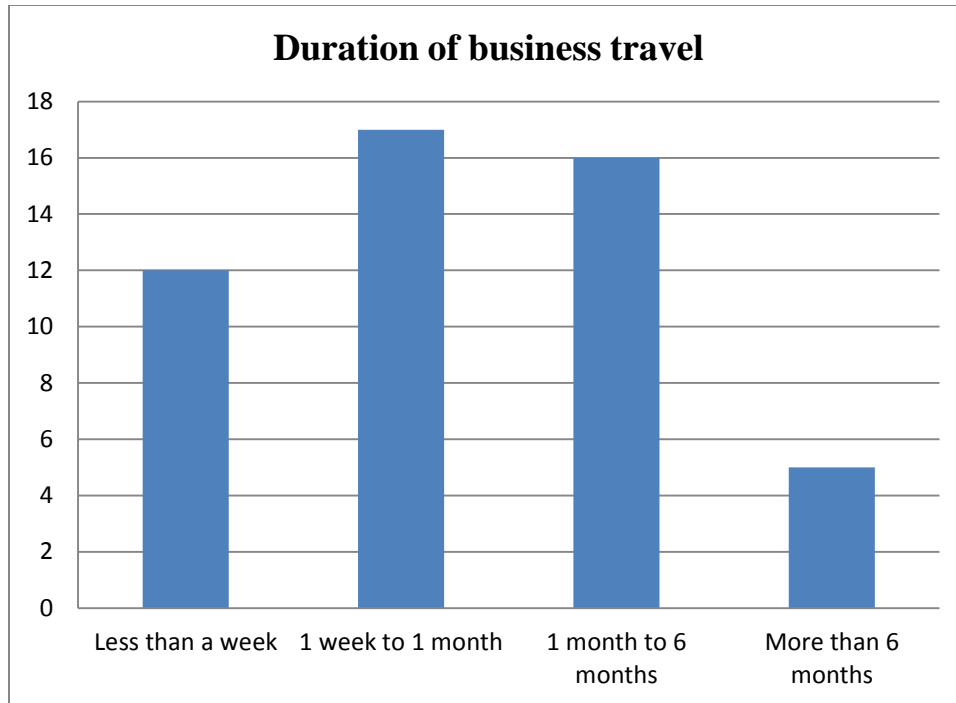
**Figure 3: Objective of Business Travel:**



**Observation:** The above graph analyses the main motto of travelling for business travelers.

**Interpretation:** This graph states that majority people are travelling for MICE purposes, followed by company operational visits. The least number of people travel for other purposes.

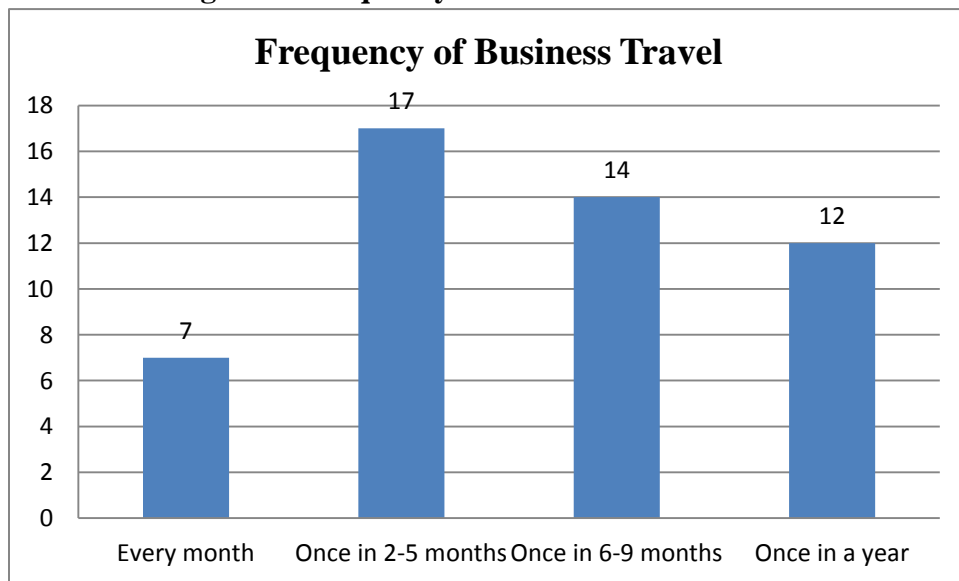
**Figure 4: Duration of Business Travel:**



**Observation:** The above graph analyses the average stay for a business traveler.

**Interpretation:** This graph states that most people stay around a month for any business assignment. The least number of people stay for more than 6 months.

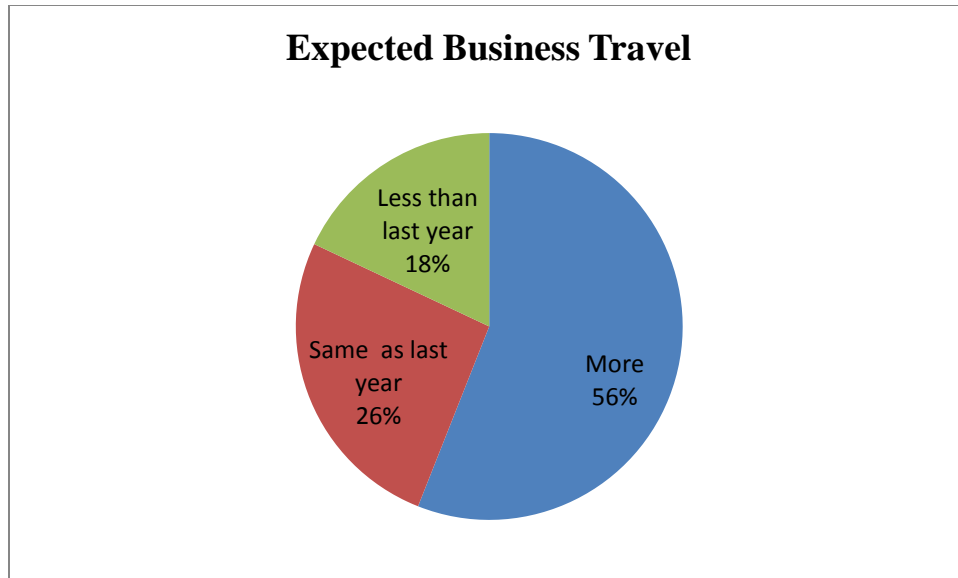
**Figure 5: Frequency of Business travel:**



**Observation:** The above graph analyses the average travel times for a business traveler.

**Interpretation:** This graph states that most people travel around once in 2-5 months while very less are on the run each month.

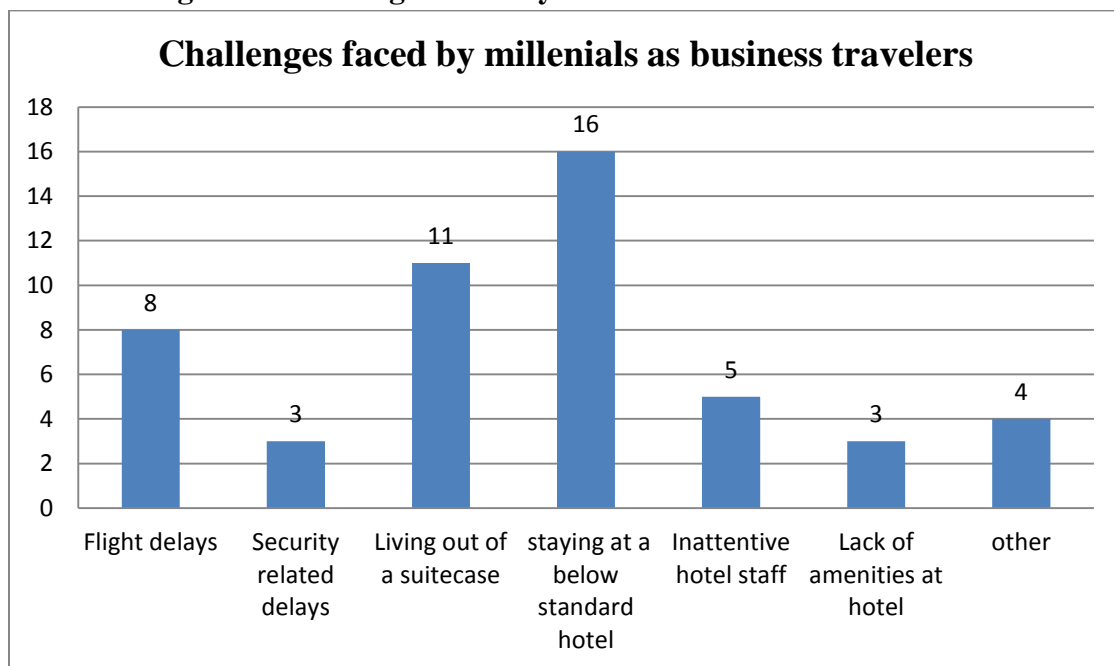
**Figure 6: Expected Business Travel:**



**Observation:** The above pie chart analyses the frequency of travel this year, compared to last year.

**Interpretation:** This chart states that most people will travel more this year, due to new and better business opportunities, globalization, etc.

**Figure 7: Challenges faced by Millenials as business travelers**



**Observation:** The above graph analyses the most important problems of business travelers.

**Interpretation:** This graph states that most people have an issue with having to settle with lower options of hotels due to reasons like cancellations, overbooking etc. Not staying at home and always being on the run is also a major problem upsetting corporate travelers. Flight delays are one of the usual



issues faced by all. Other issues include delays due to security issues, inefficient hotel service staff and lack of latest amenities at the hotels.

**Data Analysis & Data Interpretation: Part II**

The second part of data analysis includes the data collected from 5 Star Business Hotels that is the Hoteliers. This analysis is done to find the gap between the expectations of Guest (Millennial) and the reality of business facilities provided by the 5 Star Business Hotels in Pune or by the Hoteliers.

For this, the same sets of questions were given to the hotels and the guests to fill in their priority and importance regarding certain common facilities in the hotels. A mixed method research approach was adopted. The sample size comprised of 50 Guest (Millennial) and 50 Hoteliers. Data collected from questionnaire was analyzed using descriptive statistics in form of inferential statistics such as Independent Sample T-test. Qualitative data from interviews and open-ended questions were organized into categories.

Table1 shows the response:

**T-Test:**

**Group Statistics**

	Guest, Hoteliers	N	Mean	Std. Deviation	Std. Error Mean
Response	Guest	50	3.5294	.17866	.02527
	Hoteliers	50	3.9000	.17717	.02506

**Independent Samples Test**

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Response	Equal variances assumed	.003	.954	10.415	98	.000	-.37059	.03558	-.44120	-.29997
	Equal variances not assumed			10.415	97.993	.000	-.37059	.03558	-.44120	-.29997

**Observation:** Independent samples T-Test output for evaluating the gap between the expectation of Millennial from the hotels and the reality between the business facilities provided by the Hoteliers.

**Interpretation:** To find the difference between expectations of Millennial from hotel and the actual Business Facilities provided by the Star Hotels to the Millennial, independent t-test has been applied. The significant value of Levene’s Test for Equality of Variances is 0.954; it means that there are equal variances assumed in both groups and samples.

The significant value of independent sample t-test of equal variance assumed is 0.000 is less than 0.05 ( $0.000 < 0.05$ ). **Therefore alternative hypothesis is accepted.** It means that there is a significant difference between expectations of Millennial for Hotel Business Facilities and that the actual Business Facilities provided by the Star Hotels to the Millennial.

**Findings:**

1. Maximum employees were paid the travel allowance in the range of Rs. 10,000 to Rs.15, 000 per month by their companies.
2. In the survey carried out, about 34% of corporate customers were involved in loyalty programs of different hotels, thus availing various discounts and perks.
3. Majority of people travel for MICE (Meetings, Incentives, Conferences and Exhibitions) purposes, which is the main clientele for the Business hotels, followed by company operational visits. The least number of people travel for other purposes.
4. Business Customers stay around a month for any business assignment. The least number of people stay for more than 6 months.
5. Corporate Guest travel around once in 2-5 months while very less are on the run each month.
6. The reasons for travel for the Millennial are new and better business opportunities, globalization, etc.
7. Millennial have an issue with having to settle with lower options of hotels due to reasons like cancellations, overbooking etc. Not staying at home and always being on the run is also a major problem upsetting them. Flight delays are one of the usual issues faced by all. Other issues include delays due to security issues, inefficient hotel service staff and lack of latest amenities at the hotels.
8. It means that there is a significant difference between expectations of millennial for hotel business facilities and that the actual business services provided by the star hotels to the millennial.

**Conclusion of the study:**

On analyzing the data and talking to different people who were the subject of my research, the following can be concluded:

1. Millennial look for highly personalized experiences and unique touches in everything that they do and which is largely influenced by the social media.
2. After comparing the expectations and reality of Facilities provided by hotels for business travelers, a gap was definitely found to some extent. Millennial are the freshest generation and are the future which brings new trends every year. The hotels need to tap this market segment and should alter their Facilities as per their choice.
3. Hoteliers should accordingly formulate appropriate business strategies to attract Millennial.

**Suggestion and Recommendations:**

After conducting this research and getting insight from the relevant research, the researcher would like to recommend the following-

- Added research on the same concept can be carried out on other type of hotels than just Business hotels. It may yield interesting insights related to the role that Facilities play attracting Millennial.
- The research could be broadened to include other segments in the market factors other than Millennial and various other Facilities.

**Bibliography:**

- Ahmed Fawzy,(2010),Business Travelers' Accommodation Selection: A Comparative Study of Two International Hotels in Cairo, International Journal of Hospitality & Tourism Administration, 11:138–156, ISSN: 1525-6480
- Alfred Ogle, (2009).Making sense of the hotel guestroom, Journal of Retail & Leisure Property, 8, 159–172.
- Anuraag Jhavar, Guneet Kohli, Jie Li, Neilufar Modiri, Veronica Mota, Ryan Nagy, Heiley Poon and Clifford Shum,(2012),Eco-Certification Programs for Hotels in California: Determining Consumer Preferences for Green Hotels, Environmental Science Senior Practicum, Spring 2012.
- Bendall-Lyon, D. & Powers, T. L. (2002), The impact of gender differences on change in satisfaction over time, The Journal of Consumer Marketing, 19 (1), 12-23.
- Clare Jay, Fazuin Mohd. Yusoff, (2011), The Role of Guest Amenities in Wellington Hotels, Lincoln University.
- Evita Yung, (2002).Business Traveller Satisfaction with Hotel Service Encounters, Journal of Travel & Tourism Marketing, Volume 11, Issue 4.
- Factors influencing hotel experiences for millennial tourists: A South African study, Oswald Mhlanga(2019), African Journal of Hospitality, Tourism and Leisure, Volume 7 (3) - (2018) ISSN: 2223-814X.
- Fazuin Mohd. Yusoff, Flora Shumin Chang Abdullah,(2010).What really matters when choosing a hotel? The case of Middle East tourists in Kuala Lumpur, Malaysia, Journal of Tourism, Hospitality & Culinary Arts (Volume 2, No. 3, 2010, Pages 53 to 62.
- Future Foundation (2016). Millennial Traveller report: why millennial will shape the next 20 years of travel.
- Hotel Industry: An Answer to the Emerging Trends on the Global Demand Side of Tourism Duarte Maria Amaral Nogueira e Carmo,June 2015
- Six ways hotels are targeting the millennial market (and benefiting us all) The Washington Post,By Kate Silver June 29, 2017

**Online sites:**

1. [www.google.com](http://www.google.com)
2. [www.wikipedia.com](http://www.wikipedia.com)
3. [www.businesstravelmag.com](http://www.businesstravelmag.com)
4. [www.businesstraveller.com](http://www.businesstraveller.com)

5. [www.micetalk.com](http://www.micetalk.com)
6. [www.luxurytravelmagazine.com](http://www.luxurytravelmagazine.com)
7. [www.amexglobalbusinessstravel.com](http://www.amexglobalbusinessstravel.com)
8. [www.cntraveler.com](http://www.cntraveler.com)
9. [www.surveymonkey.com](http://www.surveymonkey.com)
10. [www.sabre.com](http://www.sabre.com)
11. [www.ajhtl.com](http://www.ajhtl.com)
12. [www.foresightfactory.co](http://www.foresightfactory.co)

**Books:**

1. Beyond Travel: A Road Warrior's Survival Guide- Marcey Rader
2. Business Travel and Tourism- John Swarbrooke, Susan Horner
3. Customer relationship management, Getting It Right- Judith W.Kincaid